

**BUDGETING,
ACCOUNTING
AND REPORTING
SYSTEM (BARS)**

For

Fire Districts



Washington
State Auditor
Brian Sonntag

For BARS technical assistance contact the State Auditor's Office, Local Government Support Team at (360) 664-3149. You may access this document electronically via our web page: <http://www.sao.wa.gov>.



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FIRE DISTRICTS

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Part 1. Chart of Accounts
Chapter 1. Design and Prescription

The chart of resource and expenditure/use accounts contained in this chapter must be used by all fire districts for reporting of revenues and expenditures to the State Auditor's Office (RCW 43.09.200, .230). However, it is permissible to use a different system of codes for internal accounting, so long as equivalent detail is maintained for reporting purpose.

All fire districts may follow single-entry accounting and cash-basis reporting procedures, which do not reflect financial condition and results of operations in conformity with generally, accepted accounting principles (GAAP).^{1/} This manual is intended for those districts following single-entry accounting and cash-basis reporting.

Those fire districts following double entry and GAAP basis reporting should refer to the BARS Category 1 Manual for Cities and Counties and Other Local Governments for GAAP reporting guidance. **However, all fire districts must use the prescribed chart of accounts contained in this BARS manual for reporting of revenues and expenditures.**

BARS manuals may be obtained through the State Auditor's Office, Local Government Support Team at (360) 753-4792. BARS manuals are also available electronically via the web page: <http://www.sao.wa.gov>.

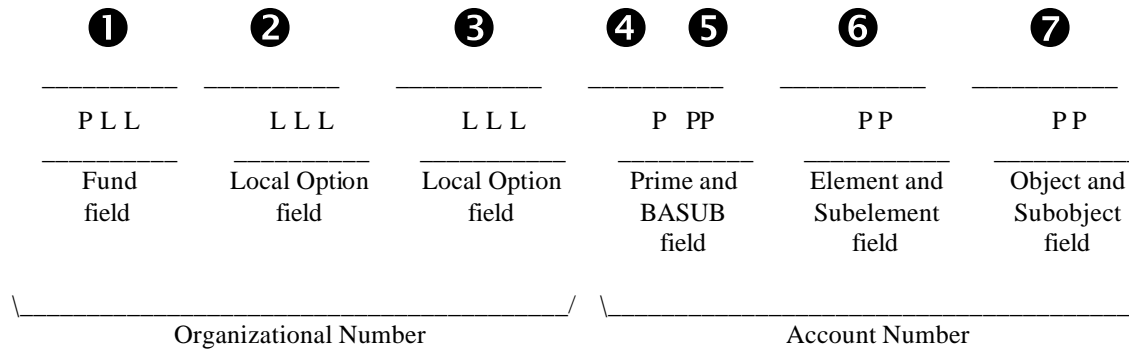
^{1/} GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP). Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provide a standard by which to measure financial presentation. The primary authoritative body on the application of GAAP to state and local governments is the Governmental Accounting Standards Board (GASB).

Account Code Structure

In the BARS structure a 16-digit code accommodates the various transactions. Of these 16 digits, 7 digits are fully reserved for the Account Number, which means that if you decide to use unassigned portions of this field for local purposes, you should be aware that additional accounting may be prescribed in the future which will supplant your local applications.

In addition to this seven-digit account code, a field of three digits is reserved for fund code, another two three-digit fields for the local option code, for a total code structure of 16 digits.

The account structure is designed to provide for complete identification of each transaction.



- P = Specific coding is prescribed in the BARS manual.
 L = The fields are established in the BARS manual, but specific numbers are assigned by each district.

The first part of the account code is an **ORGANIZATIONAL NUMBER** indicating:

	<u>Digits</u>
Fund	xxx
Local Option	xxx
Local Option	xxx

The district may use the unassigned numbers (L) for additional coding.

The second part of the account code is the **ACCOUNT NUMBER**, consisting of:

	<u>Digits</u>
Prime Digit	x
Basic and Subaccount (BASUB)	xx
Element/Subelement	xx
Object/Subobject	xx

The account code structure has the following components:

- ① **FUND NUMBER** - used to identify funds created and maintained for a particular purpose and having transactions subject to legal or administrative restrictions.

General (Current Expense) Fund	000-099
Special Revenue Funds	100-199
Debt Service Funds	200-299
Capital Projects Funds	300-399
Permanent Funds	700-799
Private-Purpose Trust Funds	621-630
Agency Funds	631-699

- ② **LOCAL OPTION** - These numbers are determined by each district. If used, they must have three digits, so “1” should be “001”.

- ③ **LOCAL OPTION** - These numbers are also determined locally. If used, they must have three digits; i.e., “1” or “23” should be “001” or “023”.

- ④ **PRIME DIGIT** – The first figure in the seven digits Account Number, assigned as follows:

3 (Three) denotes a resource detail (subsidiary) account.

5 (Five) denotes an expenditure/use detail (subsidiary) explanation.

- ⑤ **BASIC/SUB (BASUB) CODES**

Resource - The numbers assigned to identify the source (origin or originating category) from which resources are obtained.

Expenditure/Use - The numbers assigned to identify different categories of expenditures incurred.

- ⑥ **ELEMENT/SUBELEMENT CODES**

Resource - The numbers assigned to further identify specific types of revenues within a particular Basic/Sub category.

Expenditure/Use - The numbers assigned to further identify specific types of activities related to the particular Basic/Sub category.

- ⑦ **OBJECT/SUBJECT CODES**

Resource - Generally, the numbers have not been defined, and are available for the additional coding by the district. However, as the BARS manual is updated, it may be necessary to define these codes.

Expenditure/Use - The numbers assigned to identify expenditures according to the character and the type of items purchased or services obtained.

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Part 1. Chart of Accounts
Chapter 2. Resource Accounts

Do **NOT** post transactions to summary accounts. Account headings and parenthesis indicate if a particular account is considered a summary account.

BASIC AND SUBACCOUNTS (BASUB)

308 BEGINNING NET CASH AND INVESTMENTS

(310) TAXES

(311) GENERAL PROPERTY TAXES

(312) TIMBER HARVEST TAXES

(317) EXCISE TAXES

(319) PENALTIES AND INTEREST ON DELINQUENT TAXES

(320) LICENSES AND PERMITS

(322) NON-BUSINESS LICENSES AND PERMITS

(330) INTERGOVERNMENTAL REVENUES

(331) DIRECT FEDERAL GRANTS

(333) INDIRECT FEDERAL GRANTS

(334) STATE GRANTS

(335) STATE SHARED REVENUE

**(337) INTERLOCAL GRANTS, ENTITLEMENTS, IMPACT PAYMENTS, AND IN-LIEU
 TAXES**

(338) INTERGOVERNMENTAL SERVICE REVENUES

(340) CHARGES FOR GOODS AND SERVICES

(341) GENERAL GOVERNMENT

(342) PUBLIC SAFETY

(350) FINES AND FORFEITS

(359) NON-COURT FINES, FORFEITURES, AND PENALTIES

- (360) MISCELLANEOUS REVENUES**
 - (361) INTEREST EARNINGS**
 - (362) RENTS, LEASES, AND CONCESSIONS**
 - 363 INSURANCE PREMIUMS AND RECOVERIES**
 - (366) INTERFUND/INTERDEPARTMENTAL – MISCELLANEOUS REVENUES**
 - (367) CONTRIBUTIONS AND DONATIONS FROM PRIVATE SOURCES**
 - (369) OTHER**

- (370) (RESERVED)**

- (380) NONREVENUES**
 - (381) INTERFUND LOAN RECEIPTS**
 - 384 PROCEEDS FROM SALES OF INVESTMENTS**
 - 386 AGENCY TYPE DEPOSITS**
 - (388) OTHER INCREASES IN NET CASH AND INVESTMENTS**
 - 389 OTHER NONREVENUES**

- (390) OTHER FINANCING SOURCES**
 - (391) PROCEEDS OF LONG TERM DEBT**
 - 393 PROCEEDS OF REFUNDING LONG-TERM DEBT**
 - (395) DISPOSITION OF CAPITAL ASSETS**
 - 397 TRANSFERS -IN**

Account Definitions

308.00 BEGINNING NET CASH AND INVESTMENTS

This account is defined as the amount of cash and investments at the beginning of the fiscal year (or the fund balance at the beginning of the year for districts reporting following generally accepted accounting principles (GAAP)). These amounts should equal *Ending Net Cash and Investments* (or *Ending Fund Balance*) from the prior year.

(310) TAXES (Summary Account)

(311) GENERAL PROPERTY TAXES (Summary Account)

311.10 REAL AND PERSONAL PROPERTY TAXES
(RCW 84.56.230)

311.20 DIVERTED COUNTY ROAD PROPERTY TAXES
(RCW 36.33.220 and 36.82.040)

311.30 SALE OF TAX TITLE PROPERTY

311.60 DEFERRED PROPERTY TAXES
(RCW 84.38.120)

(312) TIMBER HARVEST TAXES (Summary Account)

312.10 FOREST EXCISE TAX
County-levied tax on private timber harvest.

(317) EXCISE TAXES (Summary Account)

317.20 LEASEHOLD EXCISE TAX
Taxes on property owned by state or local governments and leased to private parties. (RCW 82.29A.090)

318.00 OTHER TAXES

Taxes levied for purposes not otherwise included in accounts 311 through 317.

319.00 PENALTIES AND INTEREST ON DELINQUENT TAXES (Summary Account)

Penalties for the payment of taxes after due date, and the interest charged on delinquent taxes from the due date to the date of actual payment.

(319.10) PENALTIES AND INTEREST ON REAL AND PERSONAL PROPERTY TAXES (Summary Account)

Taxes on property owned by state or local governments and leased to private parties. (RCW 82.29A.090)

319.11 Penalties On Real And Personal Property Taxes
(RCW 84.56.020(1)(2), 84.33.120(8) and 84.33.140(4))

319.16 Interest On Real And Personal Property Taxes
(RCW 84.56.020)

(320) LICENSES AND PERMITS (Summary Account)

Charges for the issuance of licenses and permits.

(322) NON-BUSINESS AND LICENSES AND PERMITS (Summary Account)

322.90 OTHER
(E.g., burning permits, etc.)

(330) INTERGOVERNMENTAL REVENUES (Summary Account)

Grants, entitlements, shared revenues and payments for goods and services provided by one government to another. Private contributions are recorded in account 367 and intergovernmental loans are recorded in 391.80.

(331) DIRECT FEDERAL GRANTS (Summary Account)

Cash or other assets furnished by the federal government under contractual arrangements that provide assistance.

Direct federal grants are distinguished from indirect grants by the fact that direct grants are received from a federal department or agency without passing through an intermediary state or local government or other nonfederal agency. All direct federal grants should be coded using this account number. For further coding instructions call the SAO.

(333) INDIRECT FEDERAL GRANTS (Summary Account)

Indirect federal grants are distinguished from direct grants by the fact that they are passed through one or more intermediary governments or nonfederal agencies (including Indian tribes) before reaching the district. For further coding instructions call the SAO.

(334) STATE GRANTS (Summary Account)

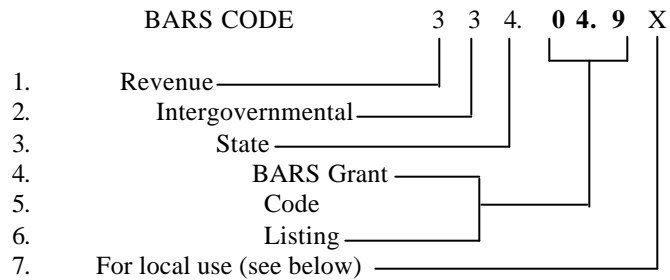
Cash or other assets furnished by the state government to districts directly or indirectly, through another local government, under contractual arrangements that provide aid to the district. Do not confuse state grants with grants received from the state but originating with the federal government; when the state is acting as an agent of the federal government, the grants should be classified as indirect federal grants, account 333.

Coding Instructions

The following coding procedures apply to all state grant money. They apply whether such arrangements are called awards, grants, block grants, subsidies, programs, cost reimbursements, contracts, or agreements.

Code state grants by the state agency that provides the grant using the three-digit code listed below.

Example: District receives a state grant from the Department of Health.



If more than one grant is received from the same agency, use the seventh digit (shown by “X”) to distinguish them. You may also use the seventh digit to distinguish different program years of the same grant.

STATE AGENCIES¹

02.3X Department of Natural Resources

03.1X Department of Ecology

04.9X Department of Health

¹ For a complete list of state agencies, see the BARS Manual Category 1 or 2, Part 1, Chapter 3.

(335) STATE SHARED REVENUES (Summary Account)
Money that represents the local government's portion of revenue levied and collected by the state.

335.00.91 PUD PRIVILEGE TAX
State distribution of excise taxes collected from public utility districts, which operate facilities for generating, distributing or selling electrical energy. The distribution to local governments is based on gross revenues from sales within each county and on the locations of generating facilities. (RCW 54.28.020 and .090) County treasurer collections from the state are distributed per RCW 54.28.090.

335.02.32 DNR OTHER TRUST 2
Counties' share of proceeds from leases and sales of products, other than timber from state forestlands managed by the Department of Natural Resources. The county should prorate and distribute the money to other funds in the same manner as general taxes are paid and distributed that year. (RCW 76.12.120)

335.02.33 DNR TIMBER TRUST 2
Counties' share of proceeds from sale of timber from state forestlands managed by the Department of Natural Resources. The county should prorate and distribute the money to other funds in the same manner as general taxes are paid and distributed that year. (RCW 76.12.120)

(337) INTERLOCAL GRANTS, ENTITLEMENTS, IMPACT PAYMENTS, AND IN-LIEU TAXES (Summary Account)

Cash or other assets furnished by local governments to the district, other than for services rendered or goods provided. Use 367 for contributions from private sources.

Do not confuse interlocal grants with grants received from another local government but originating from the federal or state government. These grants should be coded as 333 or 334.

Interlocal revenues should be coded as to source, with the district assigning codes .07.00 through .09.99 in the fourth and subsequent digits of the account number.

(338) INTERGOVERNMENTAL SERVICE REVENUES (Summary Account)

This account is used to record the revenue derived by one government for performing a service that is the statutory responsibility of another government.

338.22 Fire Control Services
Record the revenue derived from fire control services rendered for another government.

338.25 Emergency Services

338.26 Ambulance, Rescue, And Emergency Services

338.28 Communications, Alarms, And Dispatch Services

(340) CHARGES FOR GOODS AND SERVICES (Summary Account)

Fees and charges for goods and services rendered. State or local sales tax collected on those items should be posted to account 386 and remitted to an appropriate state agency or municipality.

(341) GENERAL GOVERNMENT (Summary Account)

(341.40) FINANCIAL SERVICES (Summary Account)

341.43 Budgeting And Accounting Services

Include intergovernmental revenues.

(341.60) WORD PROCESSING, PRINTING, AND DUPLICATION SERVICES (Summary Account)

341.69 The Word Processing, Printing, And Duplication Services

341.70 SALES OF MERCHANDISE

Include sales to other governments or private parties from central stores. Also include concession sales and vending machine proceeds. Sales tax collected on these items is posted to account 386.

(342) PUBLIC SAFETY (Summary Account)

342.20 FIRE PROTECTION SERVICES

Include service charges on personal property and improvements of real property (Chapter 52.18 RCW).

342.40 PROTECTIVE INSPECTION FEES

Fees for inspection services (not a fee for license or permit).

342.50 EMERGENCY SERVICE FEES

Fees for assisting in preparation for, response to and recovery from disaster.

342.60 AMBULANCE AND EMERGENCY AID SERVICES

Fees for transportation and emergency medical aid to sick and injured.

342.80 COMMUNICATION SERVICES

Include intergovernmental charges for central phone system.

342.90 OTHER

Include first aid classes, etc.

(349) INTERFUND CHARGES – SALES AND SERVICES (Summary Account)

Include sales and charges for services by one fund to another fund of the same district except:

- (1) Shared costs, operating and capital subsidies (use 397 for transfers);
- (2) Reimbursements (post to the expenditure account).

The specific accounts prescribed below are comprised of the account 349 plus the expenditure Basub of the service that is being paid for. What is recorded as a 349-type revenue by the performing fund should result in an object-90 expenditure by the paying fund.

349.14 Financial Services

349.15 Legal Services

349.16 Personnel Services

- 349.17 Employee Benefit Program Services
- 349.18 Central Services
Include property management, janitorial services, word processing, printing, duplicating, and photocopy services, data processing, and building security.
- 349.19 Other General Government Services
- 349.22 Fire Protection Services
- 349.24 Inspection Services
- 349.25 Emergency Services
- 349.28 Communication Services

(350) FINES AND FORFEITS (Summary Account)

- 359.90 MISCELLANEOUS FINES AND PENALTIES
Include money received from air pollution control authorities that was collected on behalf of fire districts for illegal burning.

(360) MISCELLANEOUS REVENUES (Summary Account)

(361) INTEREST EARNINGS (Summary Account)

(361.10) TOTAL INVESTMENT INTEREST (Summary Account)

361.11 Investment Interest

Interest earnings collected on investments held/sold (net of investment service fees).

361.19 Investment Service Fees

(361.30) GAINS (LOSSES) ON INVESTMENTS (Summary Account)

Gain or loss on sale of investments. Do not include any earnings attributable to interest.

361.31 Realized Gains (Losses) On Investments

Gain (loss) on sale of investment. Do not include any interest earnings (see account 361.11).

361.32 Unrealized Gains (Losses) On Investments

Gain (loss) on investment held due to changes in fair value of investment. Do not include any interest earnings (see account 361.11).

361.90 OTHER INTEREST EARNINGS

Any other type of interest or dividend received.

(362) RENTS, LEASES, AND CONCESSIONS (Summary Account)

(E.g., rentals, leases, percent of concession proceeds, commissions, royalties, etc.) Sales and leasehold taxes collected on these items should be posted to account 386.

362.10 EQUIPMENT AND VEHICLE RENTALS (SHORT-TERM)

Rentals at hourly, daily or weekly rates.

362.20 EQUIPMENT AND VEHICLE LEASES (LONG-TERM)

Leases at monthly or annual rates.

362.40 SPACE AND FACILITIES RENTALS (SHORT -TERM)

Rentals at hourly, daily or weekly rates.

362.50 SPACE AND FACILITIES LEASES (LONG-TERM)

Leases at monthly or annual rates

362.80 CONCESSION PROCEEDS

362.90 OTHER RENTS AND USE CHARGES

Include royalties for property use.

363.00 INSURANCE PREMIUMS AND RECOVERIES

Use this account for intergovernmental revenues and payments from private sources, including insurance claim receipts. Use 395.20 and 395.30 for recoveries on property insurance.

(366) INTERFUND - MISCELLANEOUS REVENUES (Summary Account)
Include interfund trust contributions and miscellaneous payments by one fund to another fund of the same government, EXCEPT:

- Shared costs, operating and capital subsidies;
- Reimbursements (post to expenditure account).

366.10 INTERFUND INTEREST
Example: interest on interfund loans, assessments, etc.

366.20 INTERFUND RENTS AND CONCESSIONS

366.90 OTHER

(367) CONTRIBUTIONS AND DONATIONS FROM PRIVATE SOURCES
(Summary Account) Include gifts, pledges, grants, and bequests from private sources.

367.11 Gifts, Pledges, Grants, And Bequests From Private Sources

367.19 Other

(369) OTHER MISCELLANEOUS REVENUES (Summary Account)

369.10 SALES OF SCRAP OR JUNK

369.20 UNCLAIMED MONEY AND PROCEEDS FROM SALES OF UNCLAIMED PROPERTY
Includes sale of intangible property, unclaimed for more than two years (RCW 63.29.130).

369.40 JUDGMENTS AND SETTLEMENTS
Revenue from claims determined by legal judgment or mutual consent. Include liquidated damages. See 363 and 395 for claims related to insurable losses.

(369.80) CASH ADJUSTMENTS (Summary Account)

369.81 Cashiers Overages Or Shortages

369.82 Foreign Currency Exchange Adjustments

369.90 OTHER
Include recovery of NSF fees, corrections of minor errors and reimbursements for prior year expenditures.

(380) NONREVENUES (Summary Account)

Receipts, which do not meet revenue criteria. Unless specifically prescribed by the BARS manual, element, subelement, object and subobject codes may be assigned locally.

(381) INTERFUND LOAN RECEIPTS (Summary Account)

Include all interfund receipts covering loans to the local government. Do not include interfund receipts for services, materials or equipment properly included in other revenue accounts.

381.10 LOANS RECEIVED

381.20 LOAN REPAYMENT RECEIVED

384.00 PROCEEDS FROM SALES OF INVESTMENTS

Include proceeds derived from the sale of investments. Exclude any interest or other earnings.

386.00 AGENCY TYPE DEPOSITS

Include amounts collected on behalf of state or other municipality. (E.g., sales and leasehold excise taxes, etc.) Use account 586 when remitting those amounts to appropriate state agency or local government.

(388) OTHER INCREASES IN NET CASH AND INVESTMENTS (Summary Account)

388.80 PRIOR YEAR(S) CORRECTIONS

This account should be used only for material errors in prior years that would distort current operations. The corrections should be recorded as a direct adjustment to the *Beginning Net Cash and Investments*. This account should never be used for refunds or cancelled warrants both of which should be posted to the expenditure account. The correction of minor errors should be posted to 369.90.

388.90 OTHER INCREASES IN NET CASH AND INVESTMENTS

389.00 OTHER NONREVENUES

Subdivide this account as necessary to identify nonrevenue receipts, which are not included in other nonrevenue accounts. (E.g., receipt of unidentified money pending identification and posting, revenues received in advance-prepaid charges for services, etc.) This account may also be used for receipt of refunds and canceled warrants pending their posting to expenditure accounts.

(390) OTHER FINANCING SOURCES (Summary Account)

(391) PROCEEDS OF LONG-TERM DEBT (Summary Account)

- 391.10 GENERAL OBLIGATION BOND PROCEEDS
- 391.50 CAPITAL LEASES/INSTALLMENT PURCHASES PROCEEDS
- 391.60 PROCEEDS OF ANTICIPATION NOTES/WARRANTS
- 391.70 OTHER NOTE PROCEEDS
- 391.80 INTERGOVERNMENTAL LOAN PROCEEDS
- 391.90 PROCEEDS OF OTHER LONG-TERM DEBT

393.00 PROCEEDS OF REFUNDING LONG-TERM DEBT

(395) DISPOSITION OF CAPITAL ASSETS (Summary Account)

- 395.10 PROCEEDS FROM SALES OF CAPITAL ASSETS
(E.g., real estate (land and buildings), equipment, street vacations, timber sales, etc.)
- 395.20 COMPENSATION FOR LOSS OF CAPITAL ASSETS - INSURANCE RECOVERIES
(E.g., recovery of money for damaged, destroyed, stolen, or lost assets.)
- 395.30 COMPENSATION FOR LOSS OF CAPITAL ASSETS - OTHER RECOVERIES

397.00 TRANSFERS -IN

Include all routine or regular interfund transfers-in. The disbursing fund will use account code 597.XX.

Part 1. Chart of Accounts
Chapter 3. Expenditure/Use Accounts

The 500 series of expenditure/use accounts categorize all expenditures/uses by function, activity and character.

Do **NOT** post transactions to summary accounts. Account headings and parenthesis indicate if a particular account is considered a summary account.

BASIC AND SUBACCOUNTS (BASUB)

508 ENDING NET CASH AND INVESTMENTS

(510) GENERAL GOVERNMENT SERVICES

(511) LEGISLATIVE

(514) FINANCIAL AND RECORDS SERVICES

(519) OTHER GOVERNMENTAL SERVICES

(520) PUBLIC SAFETY

(522) FIRE CONTROL

(525) EMERGENCY SERVICES

(526) AMBULANCE, RESCUE, AND EMERGENCY AID

(528) COMMUNICATIONS, ALARMS, AND DISPATCH

(580) NONEXPENDITURES

(581) INTERFUND LOAN DISBURSEMENTS

584 PURCHASE OF INVESTMENTS

586 AGENCY TYPE DISBURSEMENTS

(588) OTHER DECREASES IN NET CASH AND INVESTMENTS

589 OTHER NONEXPENDITURES

(590) OTHER FINANCING USES

591-593 DEBT SERVICE

(591) REDEMPTION OF GENERAL LONG-TERM DEBT

(592) INTEREST AND OTHER DEBT SERVICE

(593) ADVANCE REFUNDING ESCROW

(594) OTHER EXPENDITURES

(594) CAPITAL EXPENDITURES

597-599 OTHER FINANCING USES

597 TRANSFERS -OUT

(598) INTERGOVERNMENTAL AGREEMENTS

(599) PAYMENTS TO REFUNDED DEBT ESCROW AGENT

Accounts Definitions

508.00 ENDING NET CASH AND INVESTMENTS

This account is defined as the amount of cash and investments that has not been spent at the end of the year (or the fund balance at the end of the year for districts reporting following generally accepted accounting principles (GAAP)).

(510) GENERAL GOVERNMENT SERVICES

(511) LEGISLATIVE (Summary Account)

Cost of providing representation of the citizens in the governing body.

511.10 ADMINISTRATION

Activities of general nature, not associated directly with a specific service function.

511.60 LEGISLATIVE SERVICES

Include commissioners salaries here.

511.70 ELECTION COSTS

Salaries, benefits, supplies, and other charges directly related to elections.

(514) FINANCIAL AND RECORDS SERVICES (Summary Account)

514.10 ADMINISTRATION

Activities of a general nature not associated directly with a specific service function.

514.20 FINANCIAL SERVICES (Summary Account)

514.23 Budgeting, Accounting, Auditing And Financial Consulting Services

(514.80) OTHER ADMINISTRATIVE SERVICES (Summary Account)

514.81 Licensing

Issuance of these licenses, permits, etc.

(519) OTHER GENERAL GOVERNMENT SERVICES (Summary Account)

519.80 MISCELLANEOUS

Include expenditures not provided for elsewhere (e.g., property taxes, accreditation fees, etc.).

(520) PUBLIC SAFETY (Summary Account)

(522) FIRE CONTROL (Summary Account)
General fire fighting and prevention services.

- 522.10 ADMINISTRATION
Activities of general nature, not associated directly with a specific service function. Include costs of civil service and disability programs.
- 522.20 FIRE SUPPRESSION
Functions and/or activities dedicated to putting fires out. It includes but is not limited to prefire planning, fire fighting, and company inspections.
- 522.30 FIRE PREVENTION AND INVESTIGATION
Functions and/or activities designed to prevent the occurrence of fires. Investigation is of a preventative nature even if after-the fact, in that it gathers data used to prevent further occurrences. It includes but is not limited to public education, code enforcement, and investigation.
- 522.40 TRAINING
- 522.50 FACILITIES
Rent, repair, operation and maintenance of land, buildings, vehicles, and other equipment. Use 594 for capital outlays.
- 522.60 OTHER SERVICES
Any service not otherwise defined in account 522. See account 528 for communications.

(525) EMERGENCY SERVICES (Summary Account)
Activities related to the preparation for, response to, and recovery from disasters.

- 525.10 ADMINISTRATION
Activities of general nature, not associated directly with a specific service function.
- 525.20 SEARCH AND RESCUE/DISASTER RESPONSE
- 525.30 DISASTER RECOVERY
- 525.40 TRAINING
- 525.50 FACILITIES
Rent, repair, operation and maintenance of land, buildings, vehicles, and other equipment. Use 594 for capital outlays.
- 525.60 EMERGENCY PREPAREDNESS

(526) AMBULANCE, RESCUE, AND EMERGENCY AID (Summary Account)

Rescue and emergency aid and/or ambulance service for sick and injured.

526.10 ADMINISTRATION

Activities of general nature, not associated directly with a specific service function.

526.20 AMBULANCE SERVICES

Transportation of the sick and injured.

526.40 TRAINING

526.50 FACILITIES

Rent, repair, operation and maintenance of land, buildings, vehicles, and other equipment. Use 594 for capital outlays.

526.60 OPERATIONS-CONTRACTED SERVICES

526.70 OPERATIONS-CUSTOMER BILLINGS

526.80 RESCUE AND EMERGENCY AID

Deliver the trapped and stranded to safety and administer emergency medical aid to the injured and sick.

526.90 OTHER OPERATING EXPENDITURES

(528) COMMUNICATIONS, ALARMS, AND DISPATCH (Summary Account)

Include both routine business and emergency matters whether for a single department or centralized (e.g., alarm systems, radio, telephone, teletype, closed circuit TV, alerting systems, intercommunication systems, recording systems and computer systems when used in a communications mode). For the Enhanced 911 use 528.70.

528.10 ADMINISTRATION

528.20 PLANNING

528.40 TRAINING

528.50 MAINTENANCE OF FACILITIES

Use 594 for capital outlays.

528.60 OPERATIONS-CONTRACTED SERVICES

528.70 ENHANCED 911

Include operating expenditures related to the Enhanced 911 (E911) System. For training related to the E911 use 528.40.

528.80 OPERATIONS-GENERAL

528.90 OTHER OPERATING EXPENDITURES

(580) NONEXPENDITURES (Summary Account)
Disbursements, which do not meet the expenditures criteria.

(581) INTERFUND LOAN DISBURSEMENTS. (Summary Account)
Include all interfund loans made to others and payments on those loans. Do not include interfund payments for services, materials or equipment properly included in other expenditure accounts.

581.10 LOANS ISSUED TO OTHER FUNDS

581.20 LOAN REPAYMENT ISSUED

584.00 PURCHASE OF INVESTMENTS
Amounts paid for investments. Do not include interest paid when investments are acquired between interest coupon dates. See account 361.90.

586.00 AGENCY TYPE DISBURSEMENTS
(E.g., sales and use tax). Unless specifically prescribed by the BARS manual, object and subobject codes may be assigned locally.

(588) OTHER DECREASES IN NET CASH AND INVESTMENTS (Summary Account)

588.80 PRIOR YEAR(S) CORRECTIONS
This account should be used only for material errors in prior periods that would distort current operations. It should be recorded as a direct adjustment to account 308, *Net Cash and Investments* at the beginning of the fiscal year. It should never be used for refunds, which should be posted to the revenue account. The correction of minor errors should be posted to 519.80.

588.90 OTHER DECREASES IN NET CASH AND INVESTMENTS

589.00 OTHER NONEXPENDITURES
Use this account for all other nonexpenditure transactions not includable in other specific 580 accounts. This account may also be used for refunds of revenues collected in error pending their posting to a revenue account. Examples:

- Disbursement of moneys out of a suspense fund.
- Disbursement of unidentified moneys pending identification and ultimate distribution.

Normally use 591, 592 and 599 for the remittance of money to fiscal agents for the redemption of bond principal and payment of interest.

(590) OTHER FINANCING USES (Summary Account)

591-593 DEBT SERVICE

- 591.00 REDEMPTION OF LONG-TERM DEBT
See the table following this chart for element/subelement coding instructions.
- 592.00 INTEREST AND OTHER DEBT SERVICE COSTS
Also include interest on interfund loans (for interfund principal payment use 581).
See the table following this chart for element/subelement coding instructions.
- 593.00 ADVANCE REFUNDING ESCROW
Include payments made to an escrow agent from sources other than refunding debt proceeds. See the table following this chart for element/subelement coding instructions.

(594) OTHER EXPENDITURES (Summary Account)

- 594.00 CAPITAL EXPENDITURES
Use this account for all capital outlays. See the table following this chart for element/subelement coding instructions.

597-599 OTHER FINANCING USES

- 597.00 TRANSFERS – OUT
Include all routine or regular interfund transfers-out. The fund receiving the transfers-in will use account code 397.00. See the table following this chart for element/subelement coding instructions.
- 598.00 INTERGOVERNMENTAL AGREEMENTS
This account is used to record local governments' disbursement of funds to other governments based on intergovernmental agreements. Intergovernmental professional services are coded subobject 51. Intergovernmental payments are coded subobject 52. See table following this chart for element/subelement coding instructions.
- 599.00 PAYMENTS TO REFUNDED DEBT ESCROW AGENT
Payments to an escrow agent from refunding debt proceeds that are to be placed in irrevocable trust. See the table following this chart for element/subelement coding instructions.

The element/subelement digit should indicate the purpose of the district's capital or debt expenditures. Choose one of the following numbers to properly complete the BARS code:

22	Fire Control
25	Emergency Services
26	Ambulance/Rescue/Emergency Aid
28	Communication/Alarm/Dispatch
89	Refunding Debt

Classification of Expenditures by Object

OBJECT As used in expenditure classification, this term applies to character and type of items purchased or services obtained rather than to the purpose of the expenditure.

Coding examples:

Professional services purchased for fire investigation	522.30.41
Professional services purchased to train employees in disaster recovery	525.40.41

10¹ SALARIES AND WAGES

Amounts paid for personal services rendered by employees in accordance with the rates, hours, terms and conditions authorized by law or stated in employment contracts. This category also includes overtime, hazardous duty or other compensation construed to be salaries and wages. Subdivide this account as necessary for local purposes (i.e., regular pay, overtime pay, sick pay (employee related), sick pay (non-employee related), vacation pay, shift differential, and other taxable compensation). Subdivide this account as necessary for local purposes.

Note: Personal services do not include fees and out-of-pocket expenses for professional or consultant services performed on assignments. Such services are properly classified as Services and Charges.

20¹ PERSONNEL BENEFITS

Those benefits paid by the employer as part of the conditions of employment. Subdivide as needed for local purposes. (E.g., insurance, unemployment compensation, OASI (FICA) – employer-paid portion, uniforms and clothing, pension, and workers' compensation.) Subdivide this account as necessary for local purposes.

30¹ SUPPLIES

Amounts paid for articles and commodities purchased for consumption or resale.

- 31 Office and Operating Supplies.** Articles purchased directly and consumed by operating departments (e.g., chemicals, forms, cleaning and sanitation supplies, clothing, office supplies, construction materials and supplies, laboratory supplies, publications, etc.).
- 32 Fuel Consumed.** Include fuel used to generate power, fuel for heating, and fuel for operating engines and vehicles. Use subobject 47 for electricity and natural gas (e.g., coal, diesel fuel, fuel oil, gasoline, propane gas, wood, etc.).
- 34 Supplies Purchased for Inventory or Resale.** This includes purchases of materials for resale. Examples: books, maps, concession supplies, fuel, etc.
- 35 Small Tools and Minor Equipment**

¹ Only the object (first digit) is required for reporting purposes. The subobject (second digit) is recommended for accounting purposes.

40¹ SERVICES AND CHARGES

Amounts paid for services other than personal services, which are needed by the district. Such services may be provided by another government or by private business organizations.

- 41 **Professional Services.** (E.g., accounting and auditing, computer programming, scientific testing and monitoring, custodial and cleaning, engineering and architectural, management consulting, special legal services, etc.)
- 42 **Communication** (E.g., facsimile, postage, on-line charges, telephone, shipping, etc.)
- 43 **Travel** (E.g., lodging, mileage, meals, per diem, etc.)
- 44 **Advertising**
- 45 **Operating Rentals and Leases**
- 46 **Insurance** (E.g., bonds, other casualty, fire, theft, liability, etc.) Note: Use object 20 for insurance applicable to personnel benefits.
- 47 **Utility Services** (E.g., cable television, electricity, gas, sewer, waste disposal, water, etc.)
- 48 **Repairs and Maintenance.** Contracted (external) labor and supplies furnished by the contractors. See object 60 for construction contracts.
- 49 **Miscellaneous** (E.g., judgments and damages, dues, subscriptions, memberships, etc.)

50¹ INTERGOVERNMENTAL SERVICES

Amounts paid for intergovernmental services.

- 51 **Intergovernmental Professional Services.** Amounts paid to other governments for services rendered. Intergovernmental services are limited to those normally provided by governments and not by private businesses. Do not include amount paid to another government for services that are not governmental in nature, such as insurance, utility charges, rentals, repairs and supplies. Include election expenditures.
- 52 **Intergovernmental Payments from Federal, State, or Local Funds.** Use this subobject for disbursements of state or local revenues to other governments.

60¹ CAPITAL OUTLAYS

Amounts paid for capital assets. Include incidental costs such as legal, appraisal and brokerage fees, land preparation and demolishing buildings, fixtures and delivery costs. This object should be used only with accounts 594.

- 61 **Land**
- 62 **Buildings and Structures**
- 63 **Other Improvements**
- 64 **Machinery and Equipment..** Note: Exclude small tools and minor equipment (See subobject 35).

¹ Only the object (first digit) is required for reporting purposes. The subobject (second digit) is recommended for accounting purposes.

65 Construction of Capital Assets. Note: This classification is to be used where the expenditure applies to improvement projects involving several distinct subobjects such as land, buildings and structures, and other improvements. It is intended that the classification will be used primarily for undistributed work in progress in capital project funds.

66 Capital Leases. Use this subobject to code the initial and subsequent payments for capital assets purchased under executory conditional sales contracts (RCW 39.30.010), lease-purchase agreements, installment purchase agreements, and similar arrangements that defer payment for capital outlays over a period of times.

Lease payments that are not considered a capital lease should be charged to subobject 45, *Operating Rentals and Leases*.

70¹ DEBT SERVICE: PRINCIPAL

Use with BASUB 591, 593 and 599

71 General Obligation Bonds

76 Anticipation Notes/Warrants

77 Other Notes

78 Intergovernmental Loans

79 Other Debt. Include interfund loan principal payments.

80¹ DEBT SERVICE: INTEREST AND RELATED COSTS

Use with BASUB 592.

81 Interest on Short-Term External Debt

82 Interest on Interfund Debt

83 Interest on Long-Term External Debt

84 Debt Issue Costs

85 Debt Registration Costs

89 Other Debt Service Costs

¹ Only the object (first digit) is required for reporting purposes. The subobject (second digit) is recommended for accounting purposes.

90¹

INTERFUND PAYMENTS FOR SERVICES. Expenditures made to other funds (or other departments of the same fund) for services rendered. Use subobject 54 for interfund taxes and subobject 82 for interfund interest. Use subobject 47 for utility payments. Do not include reimbursements or contributions (subsidies). If your accounting system has additional digits available in the object field, the purposes accomplished here by subobjects 91-99 can be achieved even more effectively by appending subobject codes 10-89 to a "9" (e.g., .941 for interfund professional services).

- 91 Interfund Professional Services.** For examples of professional services, see subobjects 41 and 51.
- 92 Interfund Communications.** For examples of communications, see subobject 42.
- 93 Interfund Supplies.** For examples of supplies, see subobjects 31-35.
- 94 Interfund Capital Outlays.** For examples of capital outlays, see subobjects 61-66.
- 95 Interfund Operating Rentals and Leases.** For examples of operating rentals and leases, see subobject 45.
- 96 Interfund Insurance Services.** For examples of insurance services, see subobject 46.
- 98 Interfund Repairs and Maintenance.** For examples of repairs and maintenance, see subobject 48.
- 99 Other Interfund Services and Charges**

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01/01/04	None

FIRE DISTRICTS

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Part 2. Budgeting

Chapter 1. Budgeting Procedures and Examples

Objective

Budgeting is an essential element of financial planning, control, and evaluation processes of governments. The planning process involves determining the types and level of services to be provided and allocating available resources among various functions and programs. Financial control and evaluating process typically focuses upon assuring that expenditures limitations (appropriations) are not exceeded and on comparing estimated and actual revenues.

The budget authorizes and provides control of financial operations during the fiscal year. The appropriations constitute maximum expenditure authorization during the fiscal year, and should not be exceeded unless amended by the board. Expenditures should be monitored through the accounting system to assure the budgetary compliance.

In order to work effectively, any budget system must provide for:

- A structure, which presents data in categories reflecting the district's objectives.
- Continual analysis how the district plans to meet these objectives.
- Alternative plans to meet the objectives.
- An integrated planning/budgeting process incorporating data that is meaningful for decision making.
- Broad planning decisions in the budget context.
- Timely presentation of plans and financial data for action by the board.

In short, the system must allow the managers and commissioners to see how resources can be used to meet the objectives.

Budget Definitions

A budget is a forecast of expected resources and the purposeful distribution of those scarce resources. When the budget is appropriated by a resolution, it provides both the right to spend and it limits the amount to be spent. Both appropriated and less formal management estimates are used by managers to control spending.

A comprehensive budget is a district-wide budget that includes all resources the district expects and everything it intends to spend during a fiscal period. The comprehensive budget contains annual appropriated budgets, the annual portion of continuing appropriations such as the capital improvement projects, debt amortization schedules, and grant projects, flexible budgets and non-budgeted funds.

A fixed budget is a budget, which sets an absolute maximum or ceiling on the expenditures of a particular fund, or other specific category. A fixed budget can be either an annual appropriated budget or a continuing appropriation.

A continuing appropriation is a fixed budget, which authorizes expenditures for a fiscal period that differs from the district's fiscal year, such as capital project, debt issues, grants awards, and other projects. In this case, the budget resolution sets an absolute maximum on the expenditures, but the time period for incurring expenditures does not coincide with the district's fiscal year; it may even cover several years. The continuous appropriation budget does not lapse at the fiscal period end; this implies that no board action is required to amend the annual portion of that budget, unless the total authorized expenditure would exceed the entire appropriation.

Flexible budgets are usually regarded as managerial tools. They do not set a ceiling on expenditures but establish a plan for them at various levels of services.

A capital improvement budget contains two elements: the annual portion of capital projects and annual appropriation for the purchase, construction and replacement of major capital assets in the current fiscal year.

Budget Requirements

What funds must be budgeted?

All districts funds are subject to budgeting. The RCW 52.16.020 authorizes fire districts to use current expense fund, reserve fund, local improvement district fund, general obligation bond fund, and any such other fund as the board of commissioners of the district may establish.

What kinds of budgets are required or allowed?

The district should prepare a comprehensive district-wide budget of all anticipated resources and outlays for the fiscal period (RCW 52.16.030). The current expense fund and special revenue fund(s) should have annual appropriated budget. Debt service and capital project funds may use continuing appropriations contained in the enabling resolution.

What detail is required?

The statute does not prescribe any level of details. The districts are allowed to adopt the budgets on any level they choose. Once the budget is adopted on such a level, any change on that level requires amendment by the board of commissioners.

What format should the budget have?

Neither the state law nor the State Auditor's Office prescribes any specific format. The budgets can be created using any method chosen by the district. Please see the attached example of a basic budget. The final format of the budget will vary depending on the complexity of the fire district.

When should the budget be prepared?

The RCW 52.16.030 states that that the budget should be delivered to the county legislative authority in ample time for the tax levies to be made for district purposes. Analysis of this and similar statutes indicate that districts in adopting their annual budgets are required to comply with the time limits prescribed by the general statutes governing the preparation of county budgets found in Chapter 36.40 RCW.¹

Can the district overspend its budget?

Although there are no statutorily prescribed consequences for overspending the budget, the outcome of budget overruns, depending on its severity, may vary from recommendations regarding controls to management letter or a finding. The auditors will approach this issue on the case-by-case basis analyzing the reasons and patterns in overspending.

Regardless of the individual approach to the budgeting, each district should develop a written policy regarding its budgeting process. Once in place, the policy should be subject to periodic reviews and, if necessary, revisions.

¹ Fire districts are required to file their budgets at least 12 working days prior to the 30th of November, if they receive their certified assessed values (including the new state assessed utility values) prior to that date. This requirement generally translates to November 9th when holidays are considered.

Examples

The following budget is a comprehensive district-wide budget listing revenues and expenditures by fund. The budget shows all inflows and outflows on a fund level.

Each line in the current budget column should be supported by a detailed listing of budgeted revenues and expenditures. See example 2 for revenues and example 3 for expenditures.

Examples 2 and 3 illustrate the budgeting at the BARS account level, but the district may budget at a lower level of detail. The revenues and expenditures may be broken not only into funds, but also into divisions, departments, programs or functions.

Budgeting by using BARS codes allows a very easy and quick comparison between actual and budgeted information, however there is no requirement that districts use this method.

Please remember that following examples are only for illustrative purposes and the district may choose any other reasonable method and format.

(Example 1)

**Fire District Budget
For Fiscal Year 2004**

REVENUES vs. EXPENDITURES

	FUND NAME AND NUMBER	2003 BUDGET	2003 ACTUAL	VARIANCE	2004 BUDGET	% CHANGE
Beginning Balance Revenues Expenditures Transfers to/from Other Fund(s) Ending Balance	<i>Current Expense Fund 001</i>					
Comm. Approved Debt Fire Engines # Fire Engines # Land Purchase sub-total Voted Debt Beginning Balance Revenues Expenditures Ending Balance	<i>Long-Term Debt Fund 101</i>					
Beginning Balance Revenues Expenditures Transfers to/from Other Fund(s) Ending Balance	<i>Reserve Fund 202</i>					
Beginning Balance Revenues Expenditures Transfers to/from Other Fund(s) Ending Balance	<i>Capital Imp. Fund 301</i>					
Total Beginning Balance Total Revenues Total Expenditures Total Ending Balance						

(Example 2)

_____ Fire District Budget
For Fiscal Year 2004

REVENUES

BARS ACCOUNT NO.	DESCRIPTION	2003 BUDGET	2003 ACTUAL	VARIANCE	2004 BUDGET	% CHANGE
	Beginning Balance					
311.10	Current Year Taxes					
311.10	Delinquent Taxes – 1 year					
311.10	Delinquent Taxes – 2 year					
311.10	Delinquent Taxes – 3 year					
311.10	Delinquent Taxes – 4+ year					
311.30	Sale of Tax Title Property					
312.10	Timber Harvest Tax					
317.20	Leasehold Excise Tax					
334.04	Grant - WA State Dept. of Health					
338.22	Fire Control Service/School District					
338.22	Fire Control Service/DNR					
342.60	Ambulance Services Fee					
342.90	Citizen CPR & First Aid Training					
361.11	Investment Interest					
362.40	Space and Facilities Rental (Short-term)					
	 Annual Revenue Income					
397.00	Transfer from Reserve Fund					
	 TOTAL REVENUES					

_____ Fire District Budget
For Fiscal Year 2004

EXPENDITURES

BARS ACCOUNT NO.	DESCRIPTION	2003 BUDGET	2003 ACTUAL	VARIANCE	2004 BUDGET	% CHANGE
522.10	ADMINISTRATION					
522.10.10	SALARIES					
522.10.11	REGULAR SALARIES					
522.10.11.01	Fire Chief Salary					
522.10.11.02	Deputy Chief					
522.10.11.03	Admin. Assistant Salary					
522.10.12	Overtime					
522.10.13	Out of Class Pay					
522.10.20	PERSONAL BENEFITS					
522.10.21	FICA/MED/PAYROLL					
522.10.21.01	FICA/Med – Fire Chief					
522.10.21.02	FICA/Med – Deputy Chief					
522.20.21.03	FICA/Med – Admin. Assistant					
522.10.22	LABOR & INDUSTRIES INSURANCE					
522.10.22.01	L&I – Fire Chief					
522.10.22.02	L&I – Deputy Chief					
522.10.22.03	L&I – Admin. Assistant					
522.10.23	MEDICAL/DENTAL INSURANCE / CAREER					
522.10.23.01	Med/Den Ins Fire Chief					
522.10.23.02	Med/Den Ins Deputy Chief					
522.10.23.03	Med/Den Ins Admin. Assistant					

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Part 3. Accounting

Chapter 1. Internal Control

This section contains the standards to be followed by fire districts in establishing and maintaining systems of internal control. This is meant to provide the “theory” behind setting up a good internal control system. All major systems should be evaluated against these standards. Some specific examples are cited in later chapters within Part 3 of this manual.

Effective internal control systems ensure that the following objectives are achieved:

- 1) Transactions are properly accounted for to:
 - a) permit the preparation of reliable financial statements and statistical reports;
 - b) maintain accountability over assets; and
 - c) demonstrate compliance with laws, regulations, and other compliance requirements;
- 2) Transactions are executed in compliance with applicable laws, regulations, and the provisions of contracts or agreements
- 3) Funds, property, and other assets are safeguarded against waste, loss, unauthorized use or disposition, and misappropriation.

The following concept of internal control is useful in understanding and applying the standards set forth and discussed on succeeding pages:

An internal control system consists of the plan of organization, and methods and procedures adopted by the fire district board to ensure that resource use is consistent with laws, regulations, and policies; that resources are safeguarded against waste, loss, and misuse; and that reliable data are obtained, maintained, and fairly disclosed in reports.

The ultimate responsibility for good internal controls rests with management. In order to ensure the proper conduct of fire district business, management must periodically review its internal control systems.

INTERNAL CONTROL STANDARDS

The following internal control standards, based on those established by the U.S. General Accounting Office (GAO), define the minimum level of quality acceptable for fire district internal control systems in operation and constitute the criteria against which systems will be evaluated.

General Standards

- 1) **Reasonable Assurance.** Internal control systems are to provide reasonable assurance that the objectives listed in the section above will be accomplished. The standard of reasonable assurance recognizes that the cost of internal control should not exceed the benefit derived. In making this determination, the fire district should identify:
 - a) Risks inherent in district operations,
 - b) The criteria for determining low, medium, and high risks, and
 - c) Acceptable levels of risk under varying circumstances.
- 2) **Appropriate Organizational Structure.** The organization of a fire district is designed to provide its management with the overall framework for planning, directing, and controlling its operations. Good internal control requires:
 - a) Clear lines of authority and responsibility,
 - b) Appropriate reporting relationships, and
 - c) Appropriate separation of authority.

- 3) **Competent Personnel.** Managers and employees are to have personal and professional integrity and are to maintain a level of competence that allows them to accomplish their assigned duties, as well as understand the importance of developing and implementing good internal controls.
- 4) **Control Objectives.** Internal control objectives are to be identified or developed for each fire district activity and are to be logical, applicable, and reasonably complete.
- 5) **Control Techniques.** Internal control techniques are the mechanisms by which control objectives are effectively and efficiently achieved. Techniques include, but are not limited to, such things as specific policies, procedures, plans of organization (including separation of duties), and physical arrangements (such as locks and fire alarms).

Specific Standards

- 1) **Documentation.** Internal control systems and all transactions and other significant events are to be clearly documented, and the documentation is to be readily available for examination.
- 2) **Recording of Transactions and Events.** Transactions and other significant events are to be properly classified and promptly recorded.
- 3) **Execution of Transactions and Events.** Transactions and other significant events are to be authorized and executed only by persons acting within the scope of their authority.
- 4) **Separation of Duties.** Key duties and responsibilities in authorizing, processing, recording, and reviewing transactions should be separated among individuals. When one individual performs two or more of these types of duties, the district should evaluate whether the duties can be separated, and if not, then regular management review is required to ensure the system weakness is not being abused.
- 5) **Supervision.** Qualified and continuous supervision is to be provided to ensure that internal control objectives are achieved.
- 6) **Access and Accountability for Resources.** Access to resources and records is to be limited to authorized individuals, and accountability for the custody and use of resources is to be assigned and maintained.

Audit Resolution Standard

Prompt Resolution of Audit Findings. Managers are to:

- Promptly evaluate findings and recommendations reported by auditors,
- Determine proper actions in response to audit findings and recommendations, and
- Complete, within established time frames, all actions that correct or otherwise resolve the matters brought to management's attention.

Part 3. Accounting
Chapter 2. Cash Receipting

Listed below are requirements for deposits and receipt forms. Also provided are recommended internal control procedures for cash receipts.

1) Deposits:

- a) Deposit checks and money received promptly. RCW 43.09.240 requires deposits to be performed once every 24 hours. When preparing daily deposits is not feasible, this same RCW allows a waiver of this requirement if received from the appropriate county treasurer. After the waiver has been obtained, the district should prepare a policy that describes allowable circumstances when a deposit need not be performed within the 24-hour window. The policy should describe both a dollar amount and a time period that will trigger a deposit. For example, "deposits are required when \$100 in revenues has been received, or once a week, whichever comes first."
- b) Fire districts in remote locations also have the option of contacting their county to set up a local bank account for the sole purpose of making timely deposits. This account would be opened by the county and in the name of the county. The account would be "swept" or cleared out each month electronically by the county. The district could only make deposits into this account.
- c) Deposits must be intact, and the composition of checks and cash must match the bank deposit slip and related receipts. The most common way to "prove" that a deposit is intact is to have a district-prepared receipt for every transaction – including funds received through the mail. The total of the receipts should agree exactly with the total of funds deposited. In addition, if the district-prepared receipts show that \$500 in cash and \$200 in checks was receipted, then the composition of the bank deposit should be exactly the same. Cashing personal checks or payroll checks should not be allowed for this reason.
- d) Checks must be restrictively endorsed "For Deposit Only" immediately upon receipt. This means at the time the transaction occurred; it does not mean at the time the deposit is prepared.

2) Receipt Forms :

Manual or automated receipts are acceptable. Regardless of the type of form used, all receipts must include the following information:

- ♦ Name of payer (address if feasible)
- ♦ Amount received
- ♦ Date funds were received
- ♦ Mode of payment (cash, check, credit card, other)
- ♦ Purpose of payment
- ♦ Name of employee who prepared receipt

If automated receipts are issued through a cash register system, then the following additional information should be available for review:

- a) The register should prepare duplicate receipts to allow the district a means to track individual transactions.
- b) The register should print control numbers that identify individual transactions and it should print a summary of all the transaction numbers issued each day. This allows management the means to verify that all transactions and related revenues have been properly reported. So, for example, if the last reported transaction on Thursday was #12345, then the first transaction on Friday should be #12346.
- c) Manual changes to cash register tapes/receipts are never acceptable. Notations should be written on the side of the tape or on a separate document. Never cross off or otherwise change information printed on the tape.

If manual receipts are issued, then the following also applies:

- a) Receipt forms must be pre-printed, pre-numbered, and in duplicate. Redi-form receipt books that can be picked up at any business supply store are not appropriate and should never be used as the district name is not on the receipt and the district cannot be assured that the numbering is unique or that future purchases of receipts will have consecutive numbers. It is the integrity of the numbering sequence that will allow the district the means to “prove” the completeness of funds received and deposited.
- b) If a receipt is voided, it is very important that the original receipt (usually the top copy) and all other copies of that receipt be retained in the receipt book.
- c) When corrections to a receipt are necessary, the corrections should be made on the top copy of the receipt. This allows the correction to flow down to the carbon copies and assures the validity of the correction. The validity of the correction cannot be assured when changes are made directly to secondary copies of the receipt. For example, you should never see pen or pencil markings or white-out on the second copy of a receipt. There is no acceptable reason to make a correction directly on the second copy of a receipt. If the receipt becomes illegible due to the corrections, the cashier should consider voiding the receipt and starting over.

3) Separation of duties and review:

- a) Ideally, when opening the mail, two employees should prepare a list of cash and checks received (also called a “remittance list”), a third individual should prepare receipts for these funds and any other funds received at the district, and at the end of the day prepare the county transmittal form to record the account coding and the total amount of funds to be deposited with the county. A fourth individual should compare the composition of funds received as noted on the remittance list and in the receipt book to the actual composition of money to be deposited with the county. This same individual should also perform periodic reviews of the validated county transmittal forms and monthly county treasurer reports to verify that the county has correctly recorded all funds receipted by the district. In addition, unless the money is in a sealed or locked bank bag, each time money changes hands, a count of the money against the support should be performed and documented.

The reality for many fire districts is that staff is limited, so, at a minimum, a system of supervisory review of the remittance list and receipts against the validated county transmittal form and the monthly county treasurer reports should be performed. Make sure to provide evidence of this monthly review.

- b) The deposit to the county should be prepared by someone other than the person who received the payment. However, as noted above, because of limited staffing this may not be feasible. In such cases, the district should implement a system of supervisory review of the remittance list against the amounts deposited at the county.
- c) The monthly county treasurers report should be obtained and reviewed at every monthly district board meeting, approved by the board, and included as part of the district meeting minutes (RCW 52.16.050(4)).

4) Safeguarding:

Cash receipts should be properly protected during the operating day and, if they cannot be deposited that day, secured overnight. Funds are not considered to be properly protected if they are sitting on top of a desk or in an unlocked desk drawer waiting to be receipted or deposited.

Part 3. Accounting
Chapter 3. Travel (Chapter 42.24 RCW)

Travel expenses include amounts paid for use of personal automobiles, other transportation, and actual expenses or reimbursement in lieu of actual expenses for meals, lodging, and related items.

The board of commissioners of each fire district must pass a resolution establishing rules and regulations regarding reimbursement of travel expenses for district officials and employees. The resolution should discuss the district's policy on tipping, its definition of when "travel status" begins and ends, identify their expectations of what normal allowable travel expenses would be, and it should prohibit reimbursement for personal expenses and entertainment.

If a fire district utilizes credit cards for travel related expenses, the board must pass a resolution establishing rules and regulations that satisfy provisions of Chapter 42.24 RCW, including:

- 1) Limiting the use of credit cards to authorized travel expenses only.
- 2) Submission of a fully itemized travel expense voucher by the employee or district board member.
- 3) Settlement by the employee or board member within 30 days of the billing date.
- 4) The establishment of a lien against a salary for any disallowed charges.

Claims for reimbursement of travel expenses must contain a signed certification that includes the following language:

"I hereby certify under penalty of perjury that this is a true and correct claim for necessary expenses incurred by me and that no payment has been received by me on account thereof."

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Part 3. Accounting
Chapter 4. Petty Cash

Petty cash includes change funds, working funds, revolving funds, stamp funds, etc. In other words, any sum of money or other resources set aside for such specific purposes as minor disbursements, making change, and similar uses. If petty cash is disbursed, it is periodically restored to its original amount by a check charged to the applicable expenditure account. The amount of the check should be equal to the total disbursements. These monthly reimbursement checks should be the only deposits into this account. Deposits into a petty cash account of over the counter revenues are never allowed.

The following are minimum requirements for the establishment and operation of a petty cash fund:

- 1) The board of commissioners must authorize the establishment of a petty cash fund and the authorized amount of the fund by resolution. This applies to any subsequent increase or decrease in the total petty cash amount.
- 2) The board must appoint one custodian of the petty cash fund. Ideally, the person handling petty cash would be independent of invoice processing, general accounting, and cash receipts functions. For small districts with limited staff, a system of periodic supervisory review of the fund reconciliation adds controls when complete segregation of duties is not possible. The custodian should sign a receipt upon receiving petty cash funds.
- 3) The board should assure that the amount in petty cash is periodically counted and reconciled by someone other than the custodian.
- 4) The custodian should assure the petty cash is kept in a safe place. Access to this fund should be limited to as few individuals as possible; preferably access should be limited to just the fund custodian.
- 5) The petty cash amount may be established by check.
- 6) If petty cash is disbursed, it must be replenished at least monthly by check payable to the custodian. The replenishment should be subject to the same review and approval as processed invoices. The replenishment must be by voucher with the appropriate original receipts attached. The custodian should not accept copies of receipts. The receipts should show the date, recipient/vendor, purpose, and detailed amounts of each cash disbursement. The receipt must be signed by the person who made the purchase. At the time the receipt is received by the custodian, the receipt should be perforated or cancelled by some other means to prevent reuse. At the time of replenishment, the custodian should ensure that the balance remaining in petty cash, together with the amount of the replenishment voucher, equals the authorized petty cash amount.
- 7) The fund may not be used for personal cash advances even if secured by check or other IOUs. Petty cash should always be replenished at the end of the fiscal year so that expenditures will be reflected in the proper accounting period.
- 8) Whenever an individual's appointment as custodian is terminated, the fund must be replenished and the petty cash amount turned over to the board.

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Part 3. Accounting
Chapter 5. Voucher Certification and Approval

1. Claims Certification

All claims against the district must be preaudited and certified by the district's auditing officer or his/her delegate. The certification may be made on each individual claim voucher or, subject to the acceptance and approval of the board, a blanket voucher certification may be used so long as it indicated the particular vouchers so certified. The use of a blanket voucher certification in no way relieves the auditing officer of his/her responsibility and liability for each individual voucher so certified.

For all claims, except expense reimbursement claims certified by district employees or board members, the certification must include the following language:

"I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed as described herein and that the claim is a just, due and unpaid obligation against _____ Fire District, and that I am authorized to authenticate and certify to said claim."

2. Employee Reimbursement Certification

The auditing officer's certification for employee/officer expense reimbursement claims must include the following language:

"I, the undersigned, do hereby certify under penalty of perjury that the claim is a just, due and unpaid obligation against the District, and that I am authorized to certify to said claim."

The certification by the auditing officer in no manner relieves members of the board from the responsibility and liability for each voucher approved. It is the board's responsibility to ensure that the system of auditing and certifying vouchers is operating in a manner to provide the greatest possible protection for the board and the district.

3. Approval Methods

To indicate board approval for payment of claim vouchers and payroll, the following statement must be entered in the minutes:

The following voucher/warrants are approved for payment:
(Funds)
Voucher (warrant) numbers: _____ through _____ and totaling \$ _____
Payroll warrant numbers: _____ through _____ and totaling \$ _____

If the board authorizes the procedure, the district may issue warrants before the board approves claims. To do this, the district must enact the following policies and procedures (required in Chapter 42.24 RCW):

- a) The auditing officer and the officer designated to sign the warrants must have an official bond. The amount should be determined by the board but cannot be less than fifty thousand dollars. (RCW 42.24.180)
- b) The board must adopt contracting, hiring, purchasing, and disbursing policies that implement effective internal controls.
- c) The board must review and approve the claims paid at its next regularly scheduled public meeting.
- d) If the board disapproves some claims, the auditing officer and the officer designated to sign the warrants must recognize these claims as receivables of the district and pursue collection diligently until the amounts are either collected or the board is satisfied and approves the claims.

The board may stipulate that certain expenses will not be paid before the board has reviewed the supporting documentation and approved the issue of warrants in payment of those expenses. For example, the board may allow the staff to pay normal, recurring claims such as phone, payroll, utility bills, etc., but may reserve for itself the discretion to approve major equipment purchases.

4. Payment Methods

RCW 52.16.050 requires the county treasurer to disburse fire districts' funds, except for:

1. Districts with an annual operating budget of \$5 million or more in each of the preceding three years. These districts are authorized to issue their own warrants. The board of commissioners is required to pass a resolution to adopt such policy.
2. Districts with an annual operating budget greater than \$250,000 and lesser than \$5 million in each of the preceding three years. These districts may upon agreement between the county treasurer and the fire district commission, with an approval of the fire district commission, by resolution adopt a policy to issue their own warrants.

The districts choosing this method of payment are responsible for preparing all of their warrants (i.e., it is not allowable to prepare only a part of the warrants and require the county to prepare the rest of them).

For districts that issue their own warrants, supporting documentation must be retained and attached to the vouchers and cancelled by the auditing officer to prevent reuse.

For districts that have the county issue their warrants, they should contact their county to determine what types of supporting documentation should be sent to the county auditor.

Part 3. Accounting
Chapter 6. Grant Accounting

The requirements and procedures described below apply to fire districts with programs funded with federal funds and/or federal funds that are passed through the state and/or a local government to the district.

Excerpts from the U.S. Office of Management and Budget (OMB) Circular A-133, Circular A-87, and the Common Rule are provided in this section. Please note that there are many additional federal laws and regulations that may apply to a fire district's grants. Copies of these circulars and other federal documents can be obtained from the OMB web site: www.whitehouse.gov/omb.

The Common Rule

The Common Rule (an attachment to the OMB Circular A-102) sets forth uniform administrative requirements for grants and cooperative agreements. The financial management systems of a fire district must meet the following standards:

- 1) **Financial reporting.** Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- 2) **Accounting records.** The fire district must maintain records, which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.
- 3) **Internal control.** Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. The fire district must adequately safeguard all such property and must assure that it is used solely for authorized purposes.
- 4) **Budget control.** Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant.
- 5) **Allowable cost.** Applicable OMB cost principles, agency program regulations, and the terms of the grant and subgrant agreements must be followed in determining the reasonableness, allowability, and allocability of costs.
- 6) **Source documentation.** Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.

OMB Circular A-87

Expenditures of federal funds and costs claimed for reimbursement or used for matching must be determined in accordance with the OMB Circular A-87, *Cost Principles for State and Local Governments*. This circular provides criteria for determining whether costs are necessary, reasonable, and allocable. It also lists specific types of costs and expenditures that are allowable and unallowable.

OMB Circular A-133

The Single Audit Act of 1984 (and Amendment of 1996 and 2003) sets forth uniform requirements for audits of federal financial assistance provided to state and local governments. Single audit requirements are provided in the OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*.

According to the OMB Circular A-133 "... non-federal entities that expend \$500,000 or more in a year in federal awards will have a single audit conducted ... except when they elect to have a program-specific audit"

The Circular A-133 outlines specific responsibilities for the auditee:

- 1) Identify, in the accounting records, all federal awards received and expended, including the name of the federal grantor agency and pass-through agency (if applicable), the Catalog of Federal Domestic Assistance (CFDA) title and number, and the award number and year.
- 2) Maintain internal control over federal programs that provides reasonable assurance that the grantee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that have a material effect on the federal program.
- 3) Comply with laws and regulations and the provisions of contracts or grant agreements related to the federal program.
- 4) Prepare appropriate financial statements and Schedule of Expenditures of Federal Awards (in the BARS manual, see Schedule 16, Part 4, Chapter 3).
- 5) Ensure audits are performed and submitted when due.
- 6) Follow up and take corrective action on audit findings, including preparation of a Summary Schedule of Prior Audit Findings and a Corrective Action Plan.
- 7) Submit a Data Collection Form and a reporting package to the federal clearinghouse (refer to the OMB Circular A-133 for details).
- 8) Fire districts that expend less than \$500,000 in a year in federal awards are exempt from federal audit requirements for that year, but records must be available for review or audit by appropriate officials of the federal agency, pass-through entity, and the General Accounting Office.

Part 3. Accounting

Chapter 7. Inventories and Capital Assets

Generally, the term capital assets means real and personal property the fire district intends to use or keep for more than one year. Capital assets include land and land rights; buildings, their furnishings, fixtures, and furniture; equipment, machinery, vehicles, and tools.

Accountability means the obligation to demonstrate good management of or control over those matters for which a fire district is responsible.

A capital assets management system is the set of written policies and procedures used to control a fire district's capital assets and demonstrate accountability.

The duty to make certain that public property is adequately protected and that its use is properly managed is one of the fundamental responsibilities of fire district officials. District officials have several broad responsibilities with respect to capital assets:

- 1) **Custody.** The responsibility for custody means having the answers to such questions as:
 - a) What property and equipment does this district own?
 - b) Where is it?
 - c) What condition is it in?
 - d) Is it protected from loss and unauthorized use?
- 2) **Insurance.** The second major responsibility for capital assets is providing adequate insurance. A capital asset accounting system should provide adequate records to prove any losses. Location, inventory, and maintenance records will confirm that a lost or damaged asset has been in use recently, which will support the validity and timeliness of a theft or damage report.
- 3) **Maintenance and Repair.** The third major responsibility is maintenance. As a steward of public property, a fire district has the obligation not only to safeguard assets from loss but also to ensure that they are not neglected or wasted.
- 4) **Planning.** The fourth general category of responsibility is planning for future asset needs both short and long term. The following questions should be asked:
 - a) How well is the district using the facilities and equipment it already has?
 - b) Which items must be replaced, when and at what cost?
 - c) When will additional facilities or equipment be needed and at what cost?
 - d) Which facilities or equipment will not be needed, and what cost reductions in maintenance, insurance, and security will result from liquidating them?

Establishing the Capital Asset System

Designing and establishing a capital asset system requires systematic planning activities:

- 1) Establish the objectives of the capital asset system and make permanent policy decisions which will shape both the initial establishment of capital asset inventory and maintenance of the system.
- 2) Design the plan for taking the initial inventory, for verifying and testing the data, and for establishing a value for each recorded asset.
- 3) Determine when and how to implement controls over additions and deletions to the capital asset inventory.

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Part 3. Accounting
Chapter 8. Miscellaneous
Section A. Reporting Losses of Public Funds or Assets or Other Illegal Activity

Revised Code of Washington (RCW 43.09.185) requires that all state agencies and local governments **immediately** notify the State Auditor's Office (SAO) in the event of a known or suspected loss of public funds or assets or other illegal activity.

Entities are encouraged to develop policies and procedures to implement this statute. This guidance should establish an individual responsible for informing managers and employees about these reporting requirements and ensuring the SAO is promptly informed of losses as required. These actions will also help to ensure that:

- Losses are minimized.
- Investigations and audits are not hampered.
- Improper settlements are not made with employees.
- Incorrect personnel actions are not taken.
- Employees are protected from false accusations.
- Bond claims are not jeopardized.

Entities should take the following actions when a loss of public funds or assets or other illegal activity is suspected or detected:

- Report the loss to the SAO Audit Manager in your area, or his/her designee.
- Protect the accounting records from loss or destruction. All original records related to the loss should be secured in a safe place, such as a vault, safe or other locked file cabinet, until the SAO has completed an audit.
- Notify appropriate entity managers who are not involved in the loss. This may include the governing body, agency head or deputies, chief financial officer or internal auditor, depending upon the circumstances. Providing notification to your legal counsel may also be appropriate.
- Do not enter into a restitution agreement with an employee prior to an audit to establish the amount of loss in the case.
- Ensure that any personnel action is taken based on the employee not following entity policies and procedures, rather than for misappropriating public funds (civil versus criminal).
- File a police report with the appropriate local or state law enforcement agency when advised to do so by the SAO.

Entities should **immediately** notify the appropriate local or state law enforcement agency of the following:

- Suspected losses involving the health or safety of employees or property.
- Losses resulting from breaking and entering or other vandalism of property.

Entities **are not required** to report the following to the SAO:

- Normal and reasonable "over and short" situations from cash receipting operations. Record these transactions in the accounting system as miscellaneous income and expense, respectively, and monitor this activity by cashier for any unusual trends.
- Reasonable inventory shortages identified during a physical count. Record inventory adjustments in the accounting system.
- Breaking and entering or other vandalism of property.

Please do not attempt to correct the loss without reporting to the authorities identified above. In addition, RCW 43.09.260 requires written approval of the State Auditor and Attorney General before state agencies and local governments make any restitution agreement, compromise, or settlement of loss claims covered by RCW 43.09.185.

Part 3. Accounting
Chapter 8. Miscellaneous
Section B. Bond Coverage for Public Officials and Employees

These recommendations are intended to make local governments aware of possible bond restrictions and limitations. Any modifications made in bond coverage should be thoroughly reviewed with your legal counsel.

a. Cover All Employees

Bond coverage should be provided for all employees. Since individual position bonds often are limited in coverage, the entity should consider an employee blanket bond.

b. Increase Amounts of Coverage

Dollar limits of current bond coverage may be established by statute, however, this minimum amount may not be enough. The bond coverage amounts should be reviewed to ensure that there is adequate coverage over loss. Costs associated with increased bond coverage are often minimal considering the protection that increased coverage provides.

A reasonable amount of bond coverage will vary with the size and financial activities of each local government. In determining the amount of coverage needed the insurance broker, legal counsel and other municipalities should be consulted when determining amount of coverage needed.

c. Improve Type of Coverage

Consideration should be given to the value of the less restrictive coverage of faithful performance bonds. Honesty bonds often require evidence of the employee's dishonesty before recovery can be made. Faithful performance bonds only require proof that a loss has been incurred.

d. Eliminate Restrictions on Coverage

Non-Cumulative Coverage – A common restriction in bond coverage is limiting any recovery to the face amount of the bond, regardless of the number of years the loss covered.

For example: Assume losses of \$10,000, \$20,000 and \$20,000 were incurred in three consecutive years, respectively, and a \$20,000 bond was in force for all three years. Non-cumulative coverage would limit the total bond recovery to \$20,000, thereby resulting in an uninsured loss of \$30,000.

The effect of the non-cumulative limitation should be considered when determining amounts of coverage.

Audit Costs – Sometimes an extensive audit is required in order to prove and document a loss. Audit costs are often not recoverable due to limitations in bond coverage. Specifically including audit costs in the bond coverage should be considered when establishing coverage.

Filing on Bond – Restrictions as to who can file for recovery on behalf of the bondholder should be reviewed. Such restrictions could prevent filing by the Attorney General Office or other regulatory agency, resulting in additional legal costs to the local government.

e. Bond Coverage Does Not Replace Errors and Omission Coverage

A bond is not insurance. Although the bonding company may pay on a loss, it can seek to recover the amount it paid from the bonded official. To protect officials from such liability, local governments should consider carrying errors and omission insurance.

Part 3. Accounting
Chapter 8. Miscellaneous
Section C. Memberships in Civic and Service Organizations

There has been a dramatic shift in business, social, and governmental cultures, which has impacted the way the legal community views implied powers of municipal corporations. Included in this contemporary analysis is a recognition that membership in a local civic or service organization may, indeed, benefit a municipal corporation.

The AG's Office and SAO has concluded that the intent of membership payments by a municipal corporation should be considered. However, payments of memberships to fraternal organizations, or community/social organizations such as golf and country clubs, should continue to be questioned. While municipal corporations have no obligation to pay for employee and officer memberships, should they choose to do so, a formal policy should be adopted to include:

- The legislative body's intent that officers and employees be active participants in service and civic organizations.
- Those services and civic organizations to whom membership fees will be paid on behalf of officers and employees.
- The limit on the number of individuals for whom membership payment will be made to any organization, and a delineation of criteria for multiple memberships.
- The benefit, which the municipal corporation will derive from the membership in an organization and the authorized activity to which such benefit, is related.
- Those municipal corporation positions for which membership fees will be paid.
- Ancillary costs of membership which the municipal corporation will or will not pay, or provide reimbursement (i.e. meal costs incurred during meeting, costs incurred traveling to and from meetings, costs incurred as a result of the employees membership such as, time required to attend meetings or for committee participation and time required to perform duties of appointed/volunteer/elected positions) or time and expenses incurred as a result of attendance at related meetings such as regional, state, or national conventions.
- Approval authority for payment of expenses incurred as a result of membership in civic or service organizations, or for deviation from established policy.
- Limitations on the dollar amount that will be paid to a single organizations or on behalf of an individual.
- A prohibition of employee or officers, whose civic or service organization dues are paid in whole or in part by the municipal corporation:
 1. Exerting influence on other employees or officers to provide financial contributions or other support to the civic or service organization.
 2. Using the civic or service organizations as a forum for lobbying in support of or opposition to political or legislative actions, or the promotion of endeavors in which the officer or employee may have a direct or indirect financial interest or may acquire a personal benefit or gain.

Part 3. Accounting
Chapter 8. Miscellaneous
Sections D. Cellular Phones and Prepaid Phone Cards

Cellular Phones

Districts are responsible for controlling, managing and the usage of their cellular telephones. It is the decision of district's management whether to allow employees personal use of their cellular telephones. If personal use is allowed, the district needs to establish a system to ensure individuals are responsible for the payment of their non-business or personal calls. Such a system for example, may be a signed agreement that allows the district to deduct the cost of unpaid calls from the employee's paycheck or an initial deposit to cover those costs.

Additionally, when personal use of cellular telephones is allowed, a system also needs to be established that requires the employee to review the telephone bill statement, identify personal calls made, and sign and date the bill to show proof of review. The employee should be required to submit payment for their portion of the bill at that time.

Prepaid phone cards

Before prepaid phone cards are used, management should be able to track:

- ✓ Who made the phone calls.
- ✓ The cost of the calls.
- ✓ The purpose of the calls.

If these items cannot be tracked, the use of these cards is not advisable.

Part 3. Accounting
Chapter 8. Miscellaneous
Section E. Redeemed Warrants/Cancelled Checks

Due to many local governments no longer receiving redeemed warrants and canceled checks from their financial institutions the following is guidance, which pertains to such effected entities.

The State Auditor's Office recommends local governments receive and retain all redeemed warrants and canceled checks from public accounts as part of their public records. This may be either the original (actual) document or "read-only" (certified electronic format). Those entities using the county as their fiscal agent may continue allowing the county to maintain these documents.

The reasons for this recommendation are twofold:

1. Receiving and reviewing these documents is an integral part of the entities internal control system. Disbursement frauds may be detected by having an independent party scan the front and back of all redeemed warrants and canceled checks.
2. Our office is responsible for auditing the receipt, safekeeping and disbursements of public funds. To fulfill this responsibility, we must have access to all original source documents, including redeemed warrants and canceled checks.

We recognize a small cost may be associated with receiving these documents from your financial institutions. However, this cost will be substantially less than costs associated with our office requesting these documents during an audit.

Part 3. **Accounting**
Chapter 8. **Miscellaneous**
Section F. **Salary Increases for Elected Officials and the Consumer Price Index**

Many questions have arisen over the years about whether salaries for commissioners can be increased by tying them to an index, such as the Consumer Price Index (CPI). However, we have consistently concluded that this sort of salary increase is indeed a violation of the State Constitution. We have stated, and continue to advise, that unless the increase can be foreseen at the beginning of the term, salary increases connected to an index violate the constitutional restriction. This conclusion has been supported by a Superior Court decision, Telford v. Thurston County Commissioners and Thurston county and informal opinion by the Office of the Attorney General.

Applicable References:

1. Article 2, section 25 (amend. 35) of the Washington Constitution provides that the compensation of a public officer shall not be increased during his or her term of office.
2. Article 2, section 25 of the Washington Constitution prohibits a public officer or employee from receiving extra compensation after the services for which the compensation is given have been rendered.
3. The decision to increase the compensation of commissioners or the manager must be made at an open public meeting. The validity of a meeting under the Open Public Meetings Act is determined by whether notice of the meeting and the opportunity to attend are provided in accordance with RCW 42.30.030 and .070.

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Part 4. Reporting
Chapter 1. Reporting Requirements

BARS REPORTING REQUIREMENTS

Pursuant to RCW 43.09.230, Annual Reports are to be certified and filed with the State Auditor's Office within 150 days after the close of each fiscal year.

Mail your completed annual report to the following:

State Auditor's Office
Local Government Support Team
PO Box 40031
Olympia, WA 98504-0031

Statements and Schedules	Districts with total revenues of \$2 million and more	Districts with total revenues of less than \$2 million ¹
Resources and Uses Arising from Cash Transactions	X	
Notes to Financial Statements	X	
04 Detail of Revenues and Other Sources	X	X
05 Detail of Expenditures and Other Uses	X	X
09 Long-Term Debt	X	X
10 Limitation of Indebtedness	X	X
16 Financial Assistance	X	X
19 Labor Relations Consultant(s)	X	X

X Required to be prepared and submitted to the State Auditor's Office

Districts following double entry accounting and generally accepted accounting principles (GAAP) should prepare financial statements listed in the Category 1 BARS Manual.

FILING INSTRUCTIONS

In most cases, the State Auditor's Office has designed forms to use in preparing the required statements and schedules. The use of these particular forms is not necessary; however, the kinds of information requested in the forms must be reported.

Electronic reporting is encouraged. Statements and schedules may be submitted on diskette or via e-mail.

File Layout: Schedules 04 and 05 should be formatted to include on each line MCAG number (4 digits as Text), Fund number (3 digits as Text), BARS account number (7 digits as Text), Description – optional (30 characters) and actual amounts (use a minus sign for Revenue debits and Expenditures credits). The remainder of the schedules should be formatted as described in the following chapters.

¹ Caution: although the SAO will not require you to prepare the district's financial statements, you may need them if you consider issuing bonds, or will apply for federal assistance.

Acceptable Formats: Text file (ASCII Fixed Field or Delimited – Comma or Tab)
 Excel 2.1 or higher
 Other software should 'save as' or 'export' to a preferred format

Acceptable Media: 3.5 diskette, Zip disk (no cartridges or tapes)

E-mail files and/or questions can be sent to walzd@sao.wa.gov or call Duane Walz at (360) 664-0906.

MCAG NUMBERS

Each fire district has its own identification number (MCAG number). Record your number in the upper left-hand corner of the various reports. The MCAG number is listed on the SAO invoice or you may obtain it by contacting your state auditor.

CERTIFICATION/COVER SHEET

Finally, prepare the cover sheet, sign and date the certification before submitting your report.

ANNUAL REPORT

(Name of District)

MCAG No.

Submitted pursuant to RCW 43.09.230

to the

STATE AUDITOR'S OFFICE

FOR THE FISCAL YEAR ENDED _____ 20_____

Certified correct this _____ day of _____, 20_____

to the best of my knowledge and belief:

NAME _____

TITLE _____

PREPARED BY _____

TELEPHONE NUMBER _____

FAX NUMBER _____

E-MAIL ADDRESS _____

HOME PAGE ADDRESS _____

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<u>EFF DATE</u>	<u>SUPERSEDES</u>
01/01/04	None

FIRE DISTRICTS

<u>PT</u>	<u>CH</u>	<u>PAGE</u>
4	1	4

Part 4. Reporting
Chapter 2. Financial Statements and Notes

Only districts with total revenues consistently exceeding \$2 million are required to prepare the statement of resources and uses arising from cash transactions and accompanying notes to this statement. ¹

- To prepare, enter the beginning amount of net cash and investments. Then summarize both Schedules 04 and 05 by BASIC code for each fund.
 - Revenue account (310, 320, etc.)
 - Other financing sources (390)
 - Current expenditures accounts (510, 520, etc.)
 - Debt service (591-593)
 - Capital expenditures (594)
 - Other financing uses (597-599)
 - Nonrevenues (380 excluding investment activity account 384 and 388.80), and
 - Nonexpenditures (580 excluding investment activity account 584 and 588.80),

and put them on the appropriate lines of this statement. Foot the statement to calculate ending net cash and investments.
- Provide a total column for all funds.
- Beginning and ending net cash and investments on this statement should equal the *Beginning Net Cash And Investments* on Schedule 04 and *Ending Net Cash And Investments* on Schedule 05.

¹ Fire districts that prepare financial statements in conformity with GAAP should submit their basic financial statements.

RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**For The Year Ended December 31, 2003**

BARS Code	Description	Total for All Funds	Current Expense - 001	Debt Service Fund - 203	Capital Project - 301
		Actual Amount	Actual Amount	Actual Amount	Actual Amount
308	Beginning Net Cash and Investment	\$200,000	\$50,000	\$30,000	\$120,000
	Revenues and Other Sources				
310	Taxes	130,000	115,000		15,000
320	Licenses and Permits	10,000	10,000		
330	Intergovernmental Revenues	6,000	6,000		
340	Charges for Goods and Services	14,000	14,000		
350	Fines and Forfeits	1,000	1,000		
360	Miscellaneous	55,000	8,000	42,000	5,000
390	Other Financing Sources	540,000	200,000		340,000
	Total Revenues and Other Sources	\$750,000	\$354,000	\$42,000	\$350,000
	Total Resources	\$950,000	\$404,000	\$72,000	\$480,000
	Expenditures and Other Uses				
510	General Government Services	10,000	10,000		
520	Public Safety	150,000	150,000		
	Total Operating Expenditures	160,000	160,000		
591- 593	Debt Service	90,000	40,000	50,000	
594	Capital Expenditures	300,000			300,000
	Total Expenditures	\$550,000	\$200,000	\$50,000	\$300,000
597- 599	Other Financing Uses	10,000	10,000		
	Total Expenditures and Other Uses	\$560,000	\$210,000	\$50,000	\$300,000
	Excess (Deficit) of Resources Over Uses	390,000	194,000	22,000	180,000
380	Nonrevenues (Except 384 and 388.80)	90,000	90,000		
580	Nonexpenditures (Except 584 and 588.80)	100,000	10,000		90,000
508	Ending Net Cash and Investments	\$380,000	\$274,000	\$22,000	\$90,000

The Accompanying Notes Are An Integral Part Of This Statement.

RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**For The Year Ended December 31, _____**

BARS Code	Description	Total for All Funds	Fund Name and Number	Fund Name and Number
		Actual Amount	Actual Amount	Actual Amount
308	Beginning Net Cash and Investment			
	Revenues and Other Sources			
310	Taxes			
320	Licenses and Permits			
330	Intergovernmental Revenues			
340	Charges for Goods and Services			
350	Fines and Forfeits			
360	Miscellaneous			
390	Other Financing Sources			
	Total Revenues and Other Sources			
	Total Resources			
	Expenditures and Other Uses			
510	General Government Services			
520	Public Safety			
	Total Operating Expenditures			
591- 593	Debt Service			
594	Capital Expenditures			
	Total Expenditures			
597- 599	Other Financing Uses			
	Total Expenditures and Other Uses			
	Excess (Deficit) of Resources Over Uses			
380	Nonrevenues (Except 384 and 388.80)			
580	Nonexpenditures (Except 584 and 588.80)			
508	Ending Net Cash and Investments			

The Accompanying Notes Are An Integral Part Of This Statement.

NOTES TO FINANCIAL STATEMENTS

The notes that follow are designed to illustrate the minimum disclosures required for single-entry, cash-basis fire districts and are not in compliance with generally accepted accounting principles (GAAP). If your district reports on a GAAP basis, refer to BARS Category 1 for Cities and Counties and Other Local Governments for guidance.

DELETE NOTES THAT DO NOT APPLY AND ADD OTHERS THAT ARE NEEDED TO HELP A READER UNDERSTAND THE DISTRICT'S FINANCIAL STATEMENTS.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The (name of the district) is a special purpose government that provides (e.g. fire protection services, etc.) to the general public and is supported primarily through property taxes. The District was incorporated on (date) and operates under Chapter 52 RCW and other laws of the state of Washington applicable to fire districts.

a. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The District's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the District:

GOVERNMENTAL FUND TYPES: ¹

General (Current Expense) Fund

This fund is the primary operating fund of the District. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

These funds account for the proceeds of specific revenue source (other than for major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Funds

These funds account for the accumulation of resources to pay principal, interest and related costs on general long-term debt.

Capital Project Funds

These funds account for financial resources that are designated for the acquisition or construction of general government capital projects.

Permanent Funds

These funds account for resources that are legally restricted to the extent that only earnings, and not a principal, may be used for purposes supporting district's programs – that is, for the benefit of the district or its citizenry.

¹ Eliminate labels and descriptions of any funds that your district does not use.

FIDUCIARY FUND TYPES: ¹

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others.

Private-Purpose Trust Funds

These funds account for all arrangements, under which the principal and income benefit individuals, private organizations, or other governments.

Agency Funds

These funds are used to account assets that District holds for others in an agency capacity.

b. Basis of Accounting

The accounting records of the District are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The District uses the *Budgeting, Accounting and Reporting System for Fire Districts in the State of Washington*.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

c. Cash

It is the District's policy to invest all temporary cash surpluses. The amount is included on the statement of resources and uses arising from cash transactions as net cash and investments.

d. Deposits

The District's deposits (and certificates of deposit) are covered by (the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission).

e. Capital Assets

Capital assets are long-lived assets of the District and are recorded as capital expenditures when purchased.

f. Compensated Absences ²

Vacation pay may be accumulated up to ____ days and is payable upon separation or retirement.

Sick leave may accumulate (indefinitely or up to ____ hours). Upon separation or retirement employees (do) (do not) receive payment for unused sick leave.

¹ Eliminate labels and descriptions of any funds that your district does not use.

² Disclose district's policy for sick leave termination benefits and district's liability, if applicable. For example: (Sick leave can only be used for paid time off for the illness of the employee or a dependent. Upon resignation/termination, retirement or death, any outstanding sick leave is lost.) (If an employee terminates with at least ten years of service, h/she will be paid in cash for sick leave balances up to 30 days, at one-quarter his/her final pay rate. The District's estimated liability for sick leave termination benefits on December 31, _____ was \$_____.)

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.^{1/}

NOTE 3 – PROPERTY TAXES

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed (at/after) the end of each month.

Property tax revenues are recognized when cash is received by district. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The (district) regular levy for the year 20__ was \$_____ per \$1,000 on an assessed valuation of \$_____ for a total regular levy of \$_____.

NOTE 4 – INVESTMENTS

The (district's) investments are held by the (county) as its agent in the District's name.

Investments by type at December 31, _____ were as follows:

<u>Type of Investment</u>	<u>Balance</u>
_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
Total	\$ _____

NOTE 5 - LONG-TERM DEBT

The accompanying Schedule of Long-Term Debt (09) provides a listing of the outstanding debt of the district and summarizes the District's debt transactions for year 20__. The debt service requirements, including interest, are as follows:

	<u>General Obligation Bonds</u>	<u>Other Debt ^{2/}</u>	<u>Total Debt</u>
20__	\$ _____	\$ _____	\$ _____
20__			
20__			
20__			
20__			
20__ - 20__ ^{3/}	_____	_____	_____
TOTALS	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>

(or)

As of December 31, _____, the District had no debt.

^{1/} Disclose any material legal and contractual violations and steps taken to resolve them.

^{2/} Type of debt may include capital leases, notes payable, etc.

^{3/} Use five-year increments thereafter.

NOTE 6 - PENSION PLANS

Substantially all of the (district's name) full-time and qualifying part-time employees participate in the (list the type(s) of plan(s)) administered by the Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement systems. Actuarial information is on a system-wide basis and is not considered pertinent to the District's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the state Department of Retirement Systems annual financial report. A copy of this report may be obtained at:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia WA 98504-8380

OTHER DISCLOSURES

Disclose any information that may be important to understand the district's financial statements. (E.g., corrections of material errors in previous year, risk management, extraordinary events, commitments, contingencies and litigation, etc.)

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<u>EFF DATE</u>	<u>SUPERSEDES</u>
01/01/04	None

FIRE DISTRICTS

<u>PT</u>	<u>CH</u>	<u>PAGE</u>
4	2	8

Part 4. Reporting
Chapter 3. Schedules

SCHEDULE 04 - DETAIL OF REVENUES AND OTHER SOURCES

Prepare a separate Schedule 04 for each fund. All accounts must be reported at the level prescribed in the chart of accounts in Part 1.

- ① *Beginning Net Cash and Investments* (account 308) should equal prior year *Ending Net Cash and Investments* (account 508). If, due to adjustments (accounts 388.80 and/or 588.80) it does not equal, provide an explanation.
- ② Totals should be calculated and clearly identified for each Basic revenue account (i.e., 310, 320, 330, etc.).
- ③ List all intergovernmental revenues.
- ④ If there is only one line within the Basic number, use this as your total line. You do not have to include a separate total line. Just make sure that this amount will be included in the total.
- ⑤ This line is optional.
- ⑥ List all interfund loan receipts (account 381). Include in the description column the name of the fund repaying the money. The amount in this line should equal to the corresponding 581, *Interfund Loan Payment* or *Repayment* in the repaying fund.
- ⑦ List all nonrevenues except 384, *Proceeds from Sales of Investments* and 388.80, *Prior Year(s) Corrections*. The account 384 is a reclassification between cash and investments, and both categories are already included in account 308, *Beginning Net Cash and Investments*. Listing the account 384 here would cause double-counting. The amount may be listed as a separate line at the end of schedule after grand total. The account 388.80 should be posted as a direct adjustment to the account 308, *Beginning Net Cash and Investments*.
- ⑧ List all bond proceeds. These amounts should equal to the *Amount Issued - Current Period* column on Schedule 09. The following accounts should have required information:
 - 391 Proceeds of Long-Term Debt
 - 393 Proceeds of Refunding Long-Term DebtAlso list all other applicable financing sources.
- ⑨ TOTAL line should include:
 - 308 Beginning Net Cash and Investments
 - 310-360 Revenues
 - 380 Nonrevenues (except 384 and 388.80), and
 - 390 Other Financing Sources.

To verify correctness of this schedule, compare total resources with the amount of all 500 accounts on Schedule 05. Both amounts must be equal.

The schedule may be submitted on a computer printout, a diskette (3 ½), or in handwritten form (please print). In either format, the schedule should include MCAG number (four digits), BARS account number, and actual amounts received. For filing instructions see Part 4, Chapter 1.

The following three examples are not all inclusive. They are meant to illustrate only the proper format of the required schedule.

EXAMPLE 1MCAG NO. XXXXPERFECT FIRE DISTRICT
(DISTRICT NAME)Schedule **04**
Page 1 of 2CURRENT EXPENSE – 001
(Fund Name and Number)**DETAIL OF REVENUES AND OTHER SOURCES****For The Year Ended December 31, 2003**

Account No.	Description	Actual Amount	
308.00	Beginning Net Cash and Investments	\$50,000	①
311.10	Real and Personal Property Taxes	100,000	
312.10	Forest Excise Tax	5,000	
317.20	Leasehold Excise Tax	20,000	
310.00	TOTAL TAXES	125,000	②
334.04.90	Grant from the Department of Health	1,000	
338.22	Fire Control Services Rendered to a City of _____	5,000	
330.00	TOTAL INTERGOVERNMENTAL REVENUES	6,000	③
342.50	Emergency Services	14,000	
340.00	CHARGES FOR GOODS AND SERVICES	14,000	
359.90	Miscellaneous Fines and Penalties	1,000	④
361.11	Investment Interest	1,000	
362.10	Equipment and Vehicle Rentals– Short-Term	6,000	
367.11	Gifts, Pledges, Grants and Bequests from Private Sources	1,000	
360.00	TOTAL MISCELLANEOUS REVENUES	8,000	
310 – 360.00	TOTAL REVENUES	154,000	⑤

381.20	Loan Repayment Received – Capital Project Fund 301	90,000	⑥
380.00	TOTAL NONREVENUES	90,000	⑦
391.10	General Obligation Bonds Proceeds	200,000	⑧
390.00	TOTAL OTHER FINANCING SOURCES	200,000	
	TOTAL	\$494,000	⑨
384.00	Proceeds from Sales of Investments	\$50,000	⑦

EXAMPLE 2MCAG NO. XXXXPERFECT FIRE DISTRICT
(DISTRICT NAME)Schedule 04
Page 1 of 1DEBT SERVICE – 203
(Fund Name and Number)**DETAIL OF REVENUES AND OTHER SOURCES****For The Year Ended December 31, 2003**

Account No.	Description	Actual Amount	
308.00	Beginning Net Cash and Investments	\$300,000	①
361.11	Investment Interest	42,000	④
310 – 360.00	TOTAL REVENUES	42,000	⑤
	TOTAL	\$72,000	⑨
384.00	Proceeds from Sales of Investments	\$5,000	⑦

EXAMPLE 3MCAG NO. XXXXPERFECT FIRE DISTRICT
(DISTRICT NAME)Schedule **04**
Page 1 of 1CAPITAL PROJECT – 301
(Fund Name and Number)**DETAIL OF REVENUES AND OTHER SOURCES****For The Year Ended December 31, 2003**

Account No.	Description	Actual Amount	
308.00	Beginning Net Cash and Investments	\$120,000	①
311.10	Real and Personal Property Tax	15,000	④
367.11	Gifts, Pledges, Grants and Bequests from Private Sources	5,000	④
310 – 360.00	TOTAL REVENUES	\$20,000	⑤
391.10	General Obligation Bond Proceeds	330,000	
397.00	Transfer-In from Current Expense Fund 001	10,000	⑧
390.00	TOTAL OTHER FINANCING SOURCES	340,000	
	TOTAL	\$480,000	⑨

(Fund Name and Number)

DETAIL OF REVENUES AND OTHER SOURCES

For The Year Ended December 31, _____

[illegible]

SCHEDULE 05 – DETAIL OF EXPENDITURES AND OTHER USES

Prepare Schedule 05 for each fund.

All accounts must be reported by Basub, element, subelement (if applicable), and object level, not subobject. List expenditures in numerical order according to BARS codes.

- ① A subtotal should be calculated and clearly identified for each Basic expenditure account (i.e., 510, 520, etc.). If there is only one line within the Basic number, use this as your total line.
- ② List all interfund loan disbursements (account 581). Include in the description column the name of the fund with the corresponding 381, *Interfund Loan Receipts*.
- ③ List all nonexpenditures, except account 584, *Purchase of Investments* and 588.80, *Prior Year(s) Corrections*. The account 384 is a reclassification between cash and investments, and both categories are already included in the account 508, *Ending Net Cash and Investments*. Listing the account 584 here would cause double-counting. The account 588.80 should be posted as a direct adjustment to the account 308, *Beginning Net Cash and Investments*.
- ④ List all principal payments of long-term debt (account 591) *Redemption of Long-Term Debt*. These payments should equal the amounts listed in the *Amount Redeemed in Current Year* column on Schedule 09. Also include capital lease payments.
- ⑤ Total Expenditures, Nonexpenditures and Other Financing Uses should include:
 - 510-520 Expenditures
 - 580 Nonexpenditures (except 584 and 588.80), and
 - 590 Other Financing Uses.
- ⑥ Account 508, *Ending Net Cash and Investments* will be the *Beginning Net Cash and Investments* on the next year Schedule 04.
- ⑦ This line is necessary to verify correctness of this schedule. Compare the amount in this line with the amount of all 300 accounts on Schedule 04. Both amounts must equal.

The schedule may be submitted on computer printout, a diskette (3 ½), or in handwritten form (please print). In either format the schedule should include MCAG number (four digits), fund number, BARS account number, and actual amounts expended. For filing instructions see Part 4, Chapter 1.

The following three examples are not all inclusive. They are meant to illustrate only the proper format of the required schedule.

EXAMPLE 1MCAG NO. XXXXPERFECT FIRE DISTRICT
(DISTRICT NAME)Schedule 05
Page 1 of 2CURRENT EXPENSE – 001
(Fund Name and Number)**DETAIL OF EXPENDITURES AND OTHER USES****For The Year Ended December 31, 2003**

BARS Account No.	Description	Object Code	Object Description	Actual Amount	
511.70	General Governmental Services	30	Supplies	\$10,000	①
522.10	Fire Control – Administration	10	Salaries	20,000	
		20	Benefits	5,000	
		30	Supplies	1,000	
522.20	Fire Control – Fire Suppression	10	Salaries	20,000	
		20	Benefits	5,000	
		30	Supplies	2,000	
		50	Intergovernmental Services	5,000	
522.40	Fire Control – Training	10	Salaries	20,000	
		20	Benefits	5,000	
		40	Services	2,000	
522.50	Facilities	10	Salaries	15,000	
		20	Benefits	3,000	
		30	Supplies	2,000	
525.10	Emergency Services – Administration	10	Salaries	20,000	
		20	Benefits	5,000	
		40	Services and Charges	8,000	
526.40	Ambulance, Rescue – Training	30	Supplies	12,000	
520.00	TOTAL PUBLIC SAFETY			\$150,000	
510-560.00	TOTAL OPERATING EXPENDITURES			\$160,000	
586.00	Agency Deposits	00		10,000	
580.00	TOTAL NONEXPENDITURES			\$10,000	

EFF DATE 01/01/04 SUPERSEDES NoneFIRE DISTRICTSPT 4 CH 3 PAGE 8

591.22	Redemption of Long-Term Debt	70	Principle	31,000	④
592.22	Interest Payments	80	Interest	9,000	
591-593.00	TOTAL DEBT SERVICE EXPENDITURES			\$40,000	
597.00	Transfers – Out – Capital Project Fund 301	00		\$10,000	
590.00	TOTAL OTHER FINANCING USES			\$10,000	
510-590.00	TOTAL EXPENDITURES, NONEXPENDITURES AND OTHER FINANCING USES			\$220,000	⑤
508.00	Ending Net Cash and Investments			\$274,000	⑥
	TOTAL			\$494,000	⑦
584.00	Purchase of Investments			\$10,000	③

EXAMPLE 2MCAG NO. XXXXPERFECT FIRE DISTRICT
(DISTRICT NAME)Schedule 05
Page 1 of 1DEBT SERVICE – 203
(Fund Name and Number)**DETAIL OF EXPENDITURES AND OTHER USES****For The Year Ended December 31, 2003**

BARS Account No.	Description	Object Code	Object Description	Actual Amount	
591.22	Redemption of Long-Term Debt	70	Principal	\$41,000	④
592.22	Interest Costs	80	Interest	9,000	
591-593.00	TOTAL DEBT SERVICE PAYMENTS			\$50,000	①
508.00	Ending Net Cash and Investments			\$22,000	⑥
	TOTAL			\$72,000	⑦
584.00	Purchase of Investments			\$25,000	③

EXAMPLE 3**MCAG NO. XXXX****PERFECT FIRE DISTRICT
(DISTRICT NAME)****Schedule 05
Page 1 of 1****CAPITAL PROJECT – 301
(Fund Name and Number)****DETAIL OF EXPENDITURES AND OTHER USES****For The Year Ended December 31, 2003**

BARS Account No.	Description	Object Code	Object Description	Actual Amount	
581.20	Loan Repayment Issued – Current Expense Fund 001	00		\$90,000	②
580.00	TOTAL NONEXPENDITURES			\$90,000	④
594.22	Capital Expenditures	60	Capital Outlay	\$300,000	①
580-590.00	TOTAL NONEXPENDITURES AND OTHER FINANCING USES			\$390,000	⑤
508.00	Ending Net Cash and Investments			\$90,000	⑥
	TOTAL			\$480,000	⑦

(Fund Name and Number)

DETAIL OF EXPENDITURES AND OTHER USES

For The Year Ended December 31, _____

[illegible]

SCHEDULE 09 - LONG-TERM DEBT

This schedule provides information about the long-term debt of the fire district. Fire districts have two categories of debt: general debt and refunded debt. This schedule should be prepared only for general debt.

Any debt category may contain numerous kinds of debt instruments. For example, general debt is not limited to general obligation bonds but can also contain bond anticipation notes, claims and judgments, installment sales contracts, lease purchase agreements, etc.

This schedule may be submitted in any format, as long as the required information is provided.

For Schedule 09, list all bonded debt at par. Include principal only on all debt. Do not include any interfund debt, liabilities for deferred compensation, employee leave benefits or any short-term debt (less than one year). Generally, construction contracts are not considered debt except to the extent the contractor has performed.

NOTES TO PREPARER

DATE OF ORIGINAL ISSUE/DATE OF MATURITY These columns are self-explanatory.

① BEGINNING OUTSTANDING DEBT This column should include total amount of debt that was owed at the beginning of this period. The amount shown should equal the last year ending balance. If there is a discrepancy, please attach an explanation.

② AMOUNT ISSUED IN CURRENT YEAR In this column report the entire amount of any new debt or any additional debt issued (or borrowed) during the current period. For example, assume a G.O. bond authorized in the previous year at \$5,000,000, with \$4,000,000 issued that year and an additional \$500,000 issued in the report year. Under these circumstances, this column should show \$500,000.

③ AMOUNT REDEEMED IN CURRENT YEAR In this column, report the amount of debt that was paid this period. Do NOT include interest paid on the redeemed debt. The total amount in this column should equal long-term payments shown on Schedule 05 (Object code 70).

BARS CODE FOR REDEMPTION/REDEEMING FUND NUMBER Include BARS codes used for posting of the redemption of the debt. Also provide fund number in which the redemption occurred. You may use more than one line if the redemption of the debt was split among several funds.

④ ENDING OUTSTANDING DEBT In this column, report the amount of debt that is owed at the end of this period.

Ending outstanding debt (column ④) is calculated by adding the amounts in columns ① and ② and subtracting redeemed debt in column ③.

$$\textcircled{1} + \textcircled{2} - \textcircled{3} = \textcircled{4}$$

Total those columns for each debt type.

The following example is not all inclusive. It is meant to illustrate only the proper format of the required schedule.

EXAMPLE

MCAG NO. XXXX

PERFECT FIRE DISTRICT
(DISTRICT NAME)

Schedule 09
Page 1 of 1

SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2003

		①	②	③			④
Date of Original Issue	Date of Maturity	Beginning Outstanding Debt 01/01/2003 (Ending Outstanding Debt Balance from Prior Year)	Amount Issued in Current Year	Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	Ending Outstanding Debt 12/31/2000 (1)+(2)-(3)
9/99	9/14	\$300,000		\$ 60,000	591.2 2	203	\$240,000
					599.2 2		
6/00	6/20	--	\$330,000		591.2 5	001	\$330,000
					599.2 5		
TOTAL		\$300,000	\$330,000	\$60,000			\$570,000

EFF DATE
01/01/04

SUPERSEDES
None

FIRE DISTRICTS

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3 3 14

MCAG NO. _____

(DISTRICT NAME)

SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, _____

Date of Original Issue	Date of Maturity	Beginning Outstanding Debt 01/01/_____ (Ending Outstanding Debt Balance from Prior Year)	Amount Issued in Current Year	Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	Ending Outstanding Debt 12/31/_____ (1)+(2)-(3)
					591._ _		
					599._ _		
					591._ _		
					599._ _		
					591._ _		
					599._ _		
					591._ _		
					599._ _		

EFF DATE
01/01/04

SUPERSEDES
None

FIRE DISTRICTS

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SCHEDULE 10 - LIMITATION OF INDEBTEDNESS

This schedule applies only to general obligation debt. General obligation debt is backed by the full faith and credit of the government. The debt service on non-voted debt is paid out of general government revenues. The debt service on voted debt is paid from excess property tax levies under RCW 84.52.056.

When making this calculation, all general obligations of the district and all applicable cash on hand, or its equivalent, available for the payment of general obligations should be included.

General obligations consist of the following:

1. General Obligation Bonds (Voted and Non-voted), including bond anticipation notes which are to be paid off with the proceeds of the bonds. Include interest only if it has matured and is due and payable.
2. Deep discount debt (e.g., zero coupon bonds). Report the face amount of the bond less the unamortized portion of the discount.
3. Warrants and registered warrants issued against the general (current expense) or other tax supported funds.
4. Executory conditional sales or installment sales contracts pledging the full faith and credit of the taxing district. (RCW 39.30.010)
5. Accounts payable, final judgments payable or combined obligations of the general or other tax supported funds.
6. Compensated absences (e.g., vacation and sick leave), to the extent that they are certain obligations of a determined amount, or employee vested.
7. Other obligations of the general or other tax supported funds.
8. Obligations of internal service funds that provide services to the general or other tax supported funds.

The following obligations do not constitute debt for debt limitation purposes:

1. Contingent liabilities;
2. Obligations payable from special funds and solely from unanticipated service revenue;
3. Accrued interest that has not matured;
4. Refunded or revenue debt; and
5. Interfund loans.

Available cash and its equivalent are defined as cash and investments that can be used to pay government's general obligation debt. They do not include any assets legally restricted for other purposes.

Applicable cash or its equivalent, as used herein, should consist of and be limited to the following:

1. Cash and investments on hand in special debt redemption funds reserved exclusively for use in repaying outstanding general obligations.
2. Uncollected ad valorem taxes levied expressly for the purpose of paying general bonded indebtedness.
3. Cash and investments on hand in other than special debt redemption funds; uncollected ad valorem taxes levied for other than special debt redemption funds, and accounts receivable due from other funds of the same taxing district not supported by taxation or from other governments, the payment of which has been officially authorized: provided, that such cash assets may only be considered as offsets against outstanding warrants and other current obligations of the same funds.

Do not include cash or investments that will be used to make interest payments during the initial months of the subsequent fiscal year prior to property tax collections. Also, do not include uncollected taxes from prior years except taxes specifically levied for debt redemption.

Legal Limits of Indebtedness for Fire Districts (RCW 52.16.061 and .080):

1. Indebtedness for general purposes without a vote of the people.

Legal limit: 0.375 of 1 percent on the value of taxable property within the district.

2. Indebtedness for capital purposes with a 3/5 vote of the people.

Legal limit: 0.75 percent of the value of taxable property within the district.

The value of taxable property is the value of taxable property in the county, city or town, ascertained by the last assessment for state or county purposes.

The last assessed valuation is the valuation placed on the last completed and balanced tax rolls of the county preceding the date of contracting the debt or incurring liability (RCW 39.36.010 and .015). By the time this schedule is prepared, assessed valuation data has been updated for next year's tax levy. The most current assessed value available should be used.

NOTES TO PREPARER

- ? The total indebtedness for general and capital purposes cannot exceed 0.75 percent of the value of taxable property.
- ? The 0.375 percent is the maximum limit for general purposes without a vote (councilmanic debt). A board may choose to allocate any portion of this debt capacity to the capital category below. If done so, this 0.375 percent of the indebtedness available without vote should be proportionately reduced by the excess of voted debt over 0.375 percent (see notes 4 and 7).
- ? Include outstanding bonds, notes, etc.
- ? Include capital purpose voted debt in excess of 0.375 percent.
- ? Include applicable assets. The total assets in the different parts of the schedule should equal the total of all assets available. The available resources should not be listed more than once. The district should allocate available assets between all categories. If assets equal or exceed liabilities, record zero for indebtedness incurred.
- ? Subtract lines 3 and 4 from line 2 and add line 5.
- ? This limit can be up to 0.75 percent if a board chooses to allocate any portion of the councilmanic debt category to the "voted" category. However, if the board uses the councilmanic capacity to the maximum, then there is only 0.375 percent of assessed valuation for general purposes capacity left that can be used with the voters' approval.

Any excess of the debt over 0.375 percent will proportionally reduce the councilmanic debt capacity. The amount of excess, if any, should be included on line 4.

- ? See note 3.
- ? See note 6.
- ? Subtract line 8 from line 7 and add line 9.

MCAG NO. _____

Schedule 10

(DISTRICT NAME)
Schedule Of Limitation Of Indebtedness
As Of December 31, _____

Total Taxable Property Value \$ _____

Remaining Debt Capacity

? 0.75% general purposes limit is allocated between: \$ _____

? *Up to 0.375% debt without a vote for general purposes* \$ _____

? Less: outstanding debt \$ _____

? Less: excess of debt with a vote for capital purposes \$ _____

? Add: available assets \$ _____

? Equals: remaining debt capacity without a vote for general purposes \$ _____

? *Up to 0.75% debt with a vote for capital purposes* \$ _____

? Less: outstanding debt \$ _____

? Add: assets available \$ _____

? Equals: remaining debt capacity with a vote for capital purposes \$ _____

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SCHEDULE 16 – EXPENDITURES OF FEDERAL AWARDS AND STATE/LOCAL FINANCIAL ASSISTANCE

The schedule of expenditures of federal awards and state/local financial assistance is an essential document for planning and conducting the audit of the district. It also serves to provide assurance to those agencies which award financial assistance that their programs or grants were included in the audit. It is important to prepare this schedule carefully to ensure that it is accurate and complete. Any programs or grant omitted from this schedule will be considered unaudited. This schedule should be prepared on the same basis of accounting as the financial statements.

Schedule 16 is comprised of two schedules: (1) Schedule of Expenditures of Federal Awards and (2) Schedule of State and Local Financial Assistance.

Schedule of Expenditures of Federal Awards

Include on this schedule all expenditures of federal awards that were received directly from a federal agency and indirectly through a state agency or local government. This schedule should be prepared for the year in which federal awards are expended. Preparation of this schedule should not be based on the date(s) that funds are received (e.g., advances or reimbursement). “Federal awards expended” include the following:

- Expenditure transactions associated with grants, cost-reimbursement contracts, cooperative agreements, and direct appropriations;
- Disbursement of funds passed through to subrecipients;
- Receipt of loan proceeds under loan and loan guarantee programs;
- Receipt of federal property and surplus property;
- Receipt or use of program income (see revolving loan exception below);
- Distribution or consumption of food commodities;
- Disbursement of amounts entitling a non-federal entity to an interest subsidy; and
- Insurance contracts in force during the period under audit.

List all financial assistance from the same federal agency together on the schedule. Next, within each federal agency section, list all direct awards first followed by indirect awards.

Provide subtotals for programs with the same Catalog of Federal Domestic Assistance (CFDA) number. Also provide subtotals for assistance received directly and assistance received indirectly. Provide a total for each federal agency.

Valuation of Federal and Noncash Assistance

Use the following guidelines to calculate the value of “federal awards expended” under loan programs:

- (1) Amount of new loans received during the fiscal year, plus
- (2) Balance of loans from previous years for which the federal government imposes continuing compliance requirements, plus
- (3) Any interest subsidy, cash, or administrative cost allowance received.

Note: Loans, the proceeds of which were received and expended in prior years, are not considered federal awards expended when the laws, regulations, and the provisions of contracts or grant agreements pertaining to such loans impose no continuing compliance requirements other than to repay the loans.

Noncash Assistance: Food Stamps, food commodities, donated property, and donated surplus property should be valued at fair market value at the time of receipt or the assessed value provided by the federal agency. The notes to the schedule of expenditures of federal awards should disclose the nature of the amounts reported.

Revolving Loans: According to the federal regulations, repayments of principle and interest are considered program income (revenues) and loans of such funds to eligible recipients are considered expenditures. For purposes of Schedule 16, report only the amount of loan funds expended during the year.

Notes to Preparer

Often federal financial assistance received indirectly is a mix of federal and state or local money. If possible, identify the different sources and list them on appropriate schedules (i.e., the federal share on the *Schedule of Expenditures of Federal Awards* and the state or local portion of the *Schedule of State and Local Financial Assistance*). If the state or local portion cannot be identified, list the entire amount on the *Schedule of Expenditures of Federal Awards* and describe the commingled nature of the funds in the *Notes to the Schedule of Expenditures of Federal Awards*.

Records must agree or reconcile to all supporting documents.

Column 1 Provide the name of the grantor agency or organization followed by the name of each program for that agency. Please clearly distinguish between federal agencies and state agencies with similar names or initials. If you receive federal funds indirectly, identify the state pass-through agency. Identify noncash awards in this column also.

Column 2 List the applicable CFDA number for each program. This is a five digit (XX.XXX) identification number assigned by the federal government and published in the Catalog of Federal Domestic Assistance. This number must be provided for all federal awards received either directly from a federal agency or indirectly through a state agency or local government.

Every effort should be made to obtain CFDA numbers. If the number is not provided on the award agreement or contract, contact the granting agency and request the number.

If you are unable to obtain the CFDA number, write "unknown".

Column 3 Use this column to report contract or grant numbers assigned by federal or state agencies, in addition to the CFDA number. If a number is not available, write "N/A".

Column 4 Use this column to report current year expenditures (determined on the same basis of accounting as the financial statements). See requirements for valuing loans and noncash assistance above.

Notes to schedule of expenditures of federal awards:

At minimum, the notes to the schedule should disclose the basis of accounting and any other significant accounting policies used in preparing the schedule. Also provide any information that may be useful to the reader such as the nature of a revolving loan program or the method used to value commodities or other noncash assistance.

Schedule of State and Local Financial Assistance

List on this schedule of expenditures from grants received directly or indirectly from state agencies (334), grants from other local governments (337), and program income.

List separately expenditures from grants received from state and local governments. Provide a subtotal for both categories and total for the entire schedule. In addition, list all together expenditures from grants received from the same state agency.

Notes to Preparer

Often federal financial assistance received indirectly is a mix of federal and state or local money. If possible, identify the different sources and list them on appropriate schedules (i.e., the federal share on the *Schedule of Expenditures of Federal Awards* and the state or local portion of the *Schedule of State and Local Financial Assistance*). If the state or local portion cannot be identified, list the entire amount on the *Schedule of Expenditures of Federal Awards* and describe the commingled nature of the funds in the *Notes to the Schedule of Expenditures of Federal Awards*.

Records must agree or reconcile to all supporting documents.

- | | |
|----------|--|
| Column 1 | Provide the name of the grantor agency or organization followed by the name of each program for that agency. Please clearly distinguish between agencies with similar names or initials. |
| Column 2 | Use this column to report grant, contract or award numbers assigned by state or local agencies. If a number is not available, write "N/A". |
| Column 3 | Use this column to report current year expenditures (determined on the same basis of accounting as the financial statements). |

(DISTRICT NAME)

SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE

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SCHEDULE 19 - LABOR RELATIONS CONSULTANT(S)

The 1993 Legislature has required the State Auditor's Office to collect information regarding the role labor relations consultants play in local governments. This reporting requirement is found in RCW 43.09.230, as amended by the 1993 Legislature. The statute provides that "the legislature finds and declares that the use of outside consultants is an increasing element in public sector labor relations. The public has a right to be kept informed about the role of outside consultants in public sector labor relations. The purpose of this act is to help ensure that public information is available."

Labor relations is a broad spectrum of activities, which concern the relationship of employees as a group with the local government as employer. It includes employee representation issues, negotiation of contracts, and preparation and conduct of interest arbitrations.

A *labor relations consultant* is someone who agrees to perform such services for compensation. For example, a labor relations consultant includes an attorney or other professional engaged by the local government to negotiate a collective bargaining agreement. It would not include a firm engaged to establish a personnel manual or to prescreen job applicants. The determining factor is the substance of services the consultant has been engaged to perform.

This schedule is used to identify expenditures for labor relations consultants. Disclosure should include identification of each consultant and the terms and conditions of each agreement.

The schedule is required to be filed with the State Auditor's Office whether or not the district has labor relations consultants. Prepare a schedule for each consultant. Alternative formats are acceptable, including spreadsheets, as long as the required information is provided.

MCAG NO. _____

(DISTRICT NAME)

Schedule 19

SCHEDULE OF LABOR RELATIONS CONSULTANT(S)**For the Year Ended** _____

Has your government engaged labor relations consultants? ____ Yes ____ No

If yes, please provide the following information for each consultant:

Name of firm
Name of consultant
Business address
Amount paid to consultant during fiscal year
Terms and conditions, as applicable, including: Rates (e.g., hourly, etc.) _____ Maximum compensation allowed _____ Duration of services _____ Services provided _____ _____ _____

Certified correct this _____ day of _____, _____ to the best of my knowledge and belief:
Signature
Name
Title